ANNUAL REPORT ***2007***

Menang Corporation (M) Berhad

(Company No. 5383-K)

Contents

Corporate Information

BOARD OF DIRECTORS

Group Executive Chairman
YBHG DATO' ABDUL MOKHTAR AHMAD

Group Managing Director/Group Chief Executive Officer
YBHG DATO' SHUN LEONG KWONG

Non-Executive Group Deputy Chairman
YBHG DATIN MARIAM EUSOFF

Non-Independent Non-Executive Director
DR. CHRISTOPHER SHUN KONG LENG, CFP®, RFP™

Independent Non-Executive Directors
MR CHIAM TAU MENG
MR TOO KOK LENG

SECRETARY

MR NG AH WAH
(MIA No. 10366)

REGISTERED OFFICE

8th Storey South Block
Wisma Selangor Dredging
142-A Jalan Ampang
50450 Kuala Lumpur
Tel: (603) 2161 3366
Fax: (603) 2161 3393

REGISTRAR

Tenaga Koperat Sdn Bhd
20th Floor Plaza Permata
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: (603) 4047 3883
Fax: (603) 4042 6352

AUDITORS

BDO Binder
Chartered Accountants
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur

PRINCIPAL BANKERS

AmBank (M) Berhad
Bank Islam Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd

SOLICITORS

Cheah Teh & Su
17th Floor Wisma Denmark
86 Jalan Ampang
50450 Kuala Lumpur

Rahman Too & Co
5, Jalan Wolff
70000 Seremban
Negeri Sembilan Darul Khusus

STOCK EXCHANGE LISTING

Main Board of the
Bursa Malaysia Securities Berhad

NOTICE IS HEREBY GIVEN THAT the Forty Fourth (44th) Annual General Meeting ("AGM") of the Company will be held at the Meeting Room, Kelab Sultan Sulaiman, Jalan Dewan Sultan Sulaiman, 50300 Kuala Lumpur on Monday, 30 June 2008 at 10.00 a.m. for the transaction of the following businesses:

Ordinary Business

1. To receive and adopt the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 December 2007. *(Ordinary Resolution 1)*

2. To approve the payment of Directors' fees of RM30,000.00 for the financial year ended 31 December 2007. *(Ordinary Resolution 2)*

3. To re-elect the following Directors who retire by rotation in accordance with Article 112 of the Articles of Association of the Company and being eligible, offer themselves for re-election :

   (a) Dato' Shun Leong Kwong *(Ordinary Resolution 3)*
   (b) Too Kok Leng *(Ordinary Resolution 4)*

4. To re-appoint Messrs BDO Binder as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. *(Ordinary Resolution 5)*

Special Business

To consider, if thought fit, to pass the following Ordinary Resolutions :

5. **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965** *(Ordinary Resolution 6)*

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes 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, AND THAT the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad."

6. **Proposed Renewal of General Mandate for Substantial Property Transactions Involving Directors pursuant to Section 132E of the Companies Act, 1965** *(Ordinary Resolution 7)*

   "THAT pursuant to Section 132E of the Companies Act, 1965, authority be and is hereby given to the Company or its related corporations to enter into arrangements or transactions with the Directors of the Company or any person connected with such Directors (within the meaning of Section 122A, Companies Act, 1965) whereby the Company or its related corporations may acquire from or dispose to such Directors or connected persons non-cash assets including but not limited to services, land, development properties, capital equipment and machineries and/or any other assets or products of the Company or its related corporations provided that such acquisitions or disposals are on commercial terms and in the ordinary course of business, such authority will continue to be in force until conclusion of the next Annual General Meeting."

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

NOTICE IS ALSO HEREBY GIVEN THAT a Depositor shall be eligible to attend this meeting only in respect of :

(a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 23 June 2008 (in respect of shares which are exempted from mandatory deposit);

(b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 23 June 2008 (in respect of ordinary transfers);

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

By Order of the Board

NG AH WAH (MIA No. 10366)
Company Secretary

Kuala Lumpur
6 June 2008

NOTES:

1. *A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.*
2. *The Proxy form must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of a duly authorised officer or attorney.*
3. *Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
4. *Any alteration to the instrument appointing a proxy must be initialed. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8th Storey, South Block, Wisma Selangor Dredging, 142-A Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time fixed for the meeting or any adjournment thereof.*
5. *Explanatory Notes on Special Business:*

   (i) *Ordinary Resolution 6 – Authority to Allot and Issue Shares*

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

   (ii) *Ordinary Resolution 7 – Proposed Renewal of General Mandate for Substantial Property Transactions involving Directors pursuant to Section 132E of the Companies Act, 1965*

   Section 132E of the Companies Act, 1965 prohibits a company or its subsidiaries from entering into any arrangement or transaction with its directors or persons connected with such directors in respect of the acquisition from or disposal to such directors or connected persons any non-cash assets of the "requisite value" without prior approval of the Company in general meeting. According to the Act, a non-cash asset is considered to be of the "requisite value" if, at the time of the arrangement or transaction for the acquisition or disposal of the asset, its value is greater than Ringgit Malaysia Two Hundred and Fifty Thousand (RM250,000.00) or ten per centum (10%) of the net assets of the Company, subject to minimum of Ringgit Malaysia Ten Thousand (RM10,000.00).

   The proposed Ordinary Resolution 7, if passed, will authorise the Company or its related corporations to acquire from or dispose to such Directors or connected persons non-cash assets including but not limited to services, land, development properties, capital equipment and machineries and/or any other assets or products of the Company or its related corporations which may fall within the definition of "requisite value", provided that such acquisitions or disposals are on commercial terms and in the ordinary course of business.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.28 (2) of the Bursa Malaysia Securities Berhad Listing Requirements)

1. **Names of Directors who are standing for re-election**

   Directors who are standing for re-election pursuant to the Article 112 of the Articles of Association at the Forty Fourth Annual General Meeting of the Company are as follows:

   (a) Dato' Shun Leong Kwong; and

   (b) Too Kok Leng

   The details of the Directors standing for re-election at the forthcoming Forty Fourth Annual General Meeting are set out in the Directors' Profile on pages 6 to 8 of the Annual Report.

2. **Attendance of Directors at Board Meetings held during the financial year ended 31 December 2007**

   A total of five (5) Board of Directors' Meetings were held during the financial year ended 31 December 2007 and the details are set out in the Statement of Corporate Governance on page 16 of the Annual Report.

3. **Venue, Date and Time of the Meeting**

   The Forty Fourth Annual General Meeting of Menang Corporation (M) Berhad will be held at the Meeting Room, Kelab Sultan Sulaiman, Jalan Dewan Sultan Sulaiman, 50300 Kuala Lumpur on Monday, 30 June 2008 at 10.00 a.m.

Directors' Profile

DATO' ABDUL MOKHTAR AHMAD

Group Executive Chairman

DATO' ABDUL MOKHTAR AHMAD, a Malaysian, aged 68, was appointed to the Board of Menang on 23 May 1989. He began his early career in the Civil Service. In 1972, he left for the private sector when he was appointed as General Manager in Syarikat Pembenaan Raya Sdn Bhd (popularly known as Raya) which was the one of the leading Bumiputra contractors in the country. Within three (3) years he was appointed as the Managing Director of Raya and acquired notable achievements which include construction of icons on the Kuala Lumpur skyline during that era, such as Menara Bank Bumiputra, Bangunan Bank Rakyat, Wisma Angkasa Raya and Bangunan Seri MARA (now known as Medan MARA). Raya also acted as the local consultant to the South Korean main contractor of Malayan Banking Berhad's 58-storey Head Office building known as Menara Maybank.

He is presently the Deputy President of Football Association of Selangor (FAS). In 1998 to 2003 he assumed the responsibility as the Selangor football team manager. He applied his passion and tenacity to this task which bought his team to its glory years winning several cups along the way.

Currently, Dato' Abdul Mokhtar Ahmad is the Group Executive Chairman of Menang (Non-Independent Director).

DATO' SHUN LEONG KWONG

Group Managing Director/Group Chief Executive Officer

DATO' SHUN LEONG KWONG, a Malaysian, aged 69, was appointed to the Board of Menang on 29 June 1989. After graduation he joined the banking industry. He was first with Citibank Malaysia where he distinguished himself being the first local executive to be made Vice-President of the Bank. He then joined Overseas Chinese Banking Corporation Malaysia. He served in senior positions and left as Deputy Chief Executive Officer of Overseas Chinese Banking Corporation Malaysia in 1982 to join private enterprise. Combining the skills and exposures which he acquired from the banking experience, he expanded rapidly in his private enterprise, concentrating on real estate. He holds a B.A. Econs. (Hons) from the University of Malaya.

Currently, Dato' Shun is the Group Managing Director/Group Chief Executive Officer of Menang Group of Companies (Non-Independent Director). He is actively involved in monitoring the implementation of the strategy and overseeing the operations of the Group.

Dato' Shun is the father of Non-Executive Director, Dr. Christopher Shun Kong Leng, CFP®, RFP™ .

DATIN MARIAM EUSOFF

Non-Executive Group Deputy Chairman

DATIN MARIAM EUSOFF, a Malaysian, aged 62, started her career as a lecturer at the Institut Teknologi Mara in 1969 before she joined Citibank NA, Malaysia in 1973 where she was Manager in the Public Sector Lending Division. In 1977, she was recruited by Bank Bumiputra Malaysia Berhad to head the International Banking Department covering foreign currency lending, overseas branch operations as well as correspondent banking. She was appointed on 1 July 1989 as Managing Director of Maztri Padu Sdn Bhd, the privatised developer for Kelana Jaya Urban Centre. She holds a B.A. (Hons) from the University of Malaya and a Master degree in Communications from the University of Washington, U.S.A.

Datin Mariam was appointed to the Board of Menang on 25 February 1991 and was subsequently appointed as Group Executive Director of Menang on 1 January 1992 (Non-Independent Director) and later became the Non-Executive Group Deputy Chairman on 1 July 2005. She was the alternate chairperson of the Group Management Committee in the absence of the Group Executive Chairman. As Non-Executive Group Deputy Chairman, she supervises legal, corporate and public communications of the Group. One of her principal responsibilities is in strategic planning and implementation of new property projects besides providing general administration of Group operations.

She is also a member of the Audit Committee of the Company.

DR. CHRISTOPHER SHUN KONG LENG, CFP®, RFP™
Non-Independent Non-Executive Director

DR. CHRISTOPHER SHUN KONG LENG, CFP®, RFP™ , a Malaysian, aged 42, graduated from Boston University with a Bachelor of Science in Business Administration with Summa Cum Laude and Bachelor of Arts in Economics with Magna Cum Laude in May 1987. He pursued a Merchant Banking career with Hill Samuel Bank, London from 1987 to 1989. In 1991, he obtained his Master of Science in Management from the MIT Sloan School of Management, U.S.A. He subsequently joined Bankers Trust London as a Merger and Acquisition Associate. He was awarded the Advanced Postgraduate Diploma in Management Consultancy (Adv.Dip.C) from Henley Management College, United Kingdom in April 2000. He secured the Certified Financial Planner (CFP®) qualification by examination in February 2003. He was awarded the designation Registered Financial Planner (RFP™) on 18 July 2006.

He completed his Doctor of Business Administration (D.B.A) from Henley Management College, Brunel University, United Kingdom in 2004 wherein his Doctoral Dissertation secured the prestigious 7th placing in the European Doctoral Association for Management and Business Administration (EDAMBA) whose membership includes the top 60 Universities in Europe. Subsequently, Dr. Christopher Shun has been invited to undertake practitioner research at the Wharton School of Finance at the University of Pennsylvania, U.S.A.

Dr. Christopher Shun is the only Malaysian Public Company Director to have obtained an approval from the Securities Commission as a qualified licensed Financial Planner on 16 August 2005.

Dr. Christopher Shun was appointed in 2007 onto the National Property Research Economic Council (NAPREC) think tank under the oversight of the Ministry of Finance (MOF). Together with eight (8) other illustrious personalities, they advise the Government of Malaysia (GOM) on all matters pertaining to Real Estate policies and Macroeconomic impacts on the Malaysian economy.

Dr. Christopher Shun was appointed to the Board of Menang on 25 February 1991 and was made Executive Director on 1 April 1991 (Non-Independent Director). Subsequently, he was appointed as Group Executive Director on 1 January 1992 and he was promoted to Deputy Group Managing Director on 1 July 2005. On 31 December 2007, Dr. Christopher Shun was re-designated as Non-Executive Director. He is also a member of the Remuneration Committee of the Company.

Dr. Christopher Shun is the son of Dato' Shun Leong Kwong.

MR CHIAM TAU MENG
Independent Non-Executive Director

MR CHIAM TAU MENG, a Malaysian, aged 55, graduated with a Bachelor of Commerce Degree majoring in Accountancy from University of Otago, Dunedin, New Zealand in 1976. He was admitted as an Associate Chartered Accountant of the Institute of Chartered Accountants of New Zealand in 1980. He is also a Chartered Accountant of the Malaysian Institute of Accountants.

He started his career in 1976 as a Finance Manager of Tolley Industries Ltd (New Zealand) and in 1979, he joined Malaysian Containers (1974) Berhad as a Finance Manager cum Company Secretary. In 1984, he joined Menang Corporation (M) Berhad as a General Manager of Corporate Services.

In 1989, he joined Bee Hin Holdings Sdn Bhd as General Manager-Corporate Finance in charge of the reconstruction scheme under Section 176 of the Companies Act, 1965 on Kuala Lumpur Industries Berhad.

In 1992, he joined the management consultancy practice of an international accounting organisation and in 1994, he set up his own consulting practice namely CTM Consulting.

He was appointed as an Independent Non-Executive Director of Menang on 21 October 2005. He is the Chairman of the Audit Committee and the Nominating Committee and a Member of the Remuneration Committee of Menang. He also sits on the Board of the following companies listed on the Bursa Malaysia Securities Berhad :-

Meda Inc. Berhad	(Independent & Non-Executive)
Comintel Corporation Berhad	(Independent & Non-Executive)
Yikon Corporation Berhad	(Independent & Non-Executive)
LCL Corporation Berhad	(Non-Independent & Non-Executive)

MR TOO KOK LENG
Independent Non-Executive Director

MR TOO KOK LENG, a Malaysian, aged 49, holds a B.A (Hons) in Law and was admitted to the Malaysian Bar in 1983. He started his own practice in 1988 and was practising under the name and style of Rahman, Too & Co. in Seremban and Kuala Lumpur. He specialised in the corporate and banking fields rendering legal advice to several banks and public listed companies. He has since ventured into his own private business in property and other related activities.

Mr Too was appointed as an Independent Non-Executive Director of Menang on 1 August 1995. He is also the Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee of the Company.

He also sits on the Board of Ramunia Holdings Berhad listed on the Bursa Malaysia Securities Berhad as an Independent Non-Executive Director.

Notes:

1. ***Family relationship with Director and/or major shareholder***

   Save as hereinabove disclosed, none of the Directors has any family relationship with the other directors and/or major shareholders of Menang Corporation (M) Berhad.

2. ***Conflict of Interest***

   None of the Directors has any conflict of interest in the Company except for those transactions disclosed in Note 36 to the financial statements.

3. ***Conviction for Offence***

   None of the Directors has been convicted of any offence within the past ten (10) years.

4. ***Other Directorship of Public Companies***

   None of the Directors hold any directorship in any public listed company except for Mr Chiam Tau Meng and Mr Too Kok Leng.

   Mr Chiam Tau Meng was appointed as Directors of Meda Inc. Berhad, LCL Corporation Berhad, Comintel Corporation Berhad and Yikon Corporation Berhad on 28 December 2001, 5 December 2003, 28 December 2006 and 16 May 2008, respectively while Mr Too Kok Leng was appointed as Director of Ramunia Holdings Berhad on 28 January 2008.

5. ***Securities Holdings in the Company***

   Details of the Directors' securities holdings in the Company, and its subsidiaries are set out on pages 92 to 96 of the Annual Report.

Chairman’s Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2007.

FINANCIAL REVIEW

Fiscal year 2007 was another tough year for us. The Seremban market in which our principal activity was located continued to be slow. Sales and pricing of houses remain unattractive. Rising fuel prices, materials cost and labor cost added to the cost profile. Margins were further squeezed. Our 50/50 joint venture with OSK Properties Sdn Bhd remained active throughout 2007. It sold off all double storey residential units and more than 95% of the single storey residential units. The semi-D houses had also sold more than 75% of the units launched. Of the 36 units of double and single storey shop-offices, sales are moving at a sluggish pace. We expect the 36 units to be fully completed by the end of this year and expect most of them to be taken up. The joint venture continued to be a contributor to the Group’s results. Compared to the preceding year the Group suffered a slightly higher loss (after tax) of RM10.5 million compared to the previous year’s RM9.5 million.

CORPORATE DEVELOPMENTS

1. On 12 March 2007, we entered into a strategic Collaboration Agreement with the Sinohydro Corporation Group of China with much excitement and expectation. We regret to say that by year end it became clear that nothing much was being achieved jointly with this Group. We do not expect new exciting developments with Sinohydro Corporation Group in the foreseeable future.

2. Throughout 2007 the Group faces tight liquidity pressure although the Group’s assets more than cover our bank and trade liabilities by at least 2.4 times. We had difficulty obtaining bank facilities for our operations. We therefore embarked on an aggressive rationalization program towards the last quarter of the year. This rationalization program calls for aggressive disposal of some of our non-core assets to meet Group’s obligations. We also implemented a cost rationalization program by cutting salary expenses by more than 30%. We expect this rationalization to have its positive effect for fiscal 2008 and fiscal 2009. The Group is currently aggressively bidding for big ticket items with the Public Sector. We are optimistic something good would come out of our efforts within 2008 and the first half of 2009.

APPRECIATION

I would like to extend my sincerely gratitude to my fellow members of the Board, management and staff of the Group for their dedication in this yet another difficult year.

DATO’ ABDUL MOKHTAR AHMAD
Executive Chairman

21 May 2008
Kuala Lumpur

Audit Committee Report

CHAIRMAN	:	**Mr. Chiam Tau Meng** *(Independent Non-Executive Director)*
MEMBERS	:	**Mr Too Kok Leng** *(Independent Non-Executive Director)*
		Dr. Christopher Shun Kong Leng, CFP®, RFP™ *(Deputy Group Managing Director, redesignated as Non-Independent Non-Executive Director on 31 December 2007)* *(resigned on 15 November 2007)*
		Y Bhg Datin Mariam Eusoff *(Non-Executive Group Deputy Chairman)* *(appointed on 15 November 2007)*

TERMS OF REFERENCE

Constitution

The Audit Committee of the Company comprising all non-executive directors, a majority of whom are independent, has been established since 22 March 1994.

Objective

The primary objectives of the Audit Committee are :

1. to assist in the fiduciary duties of the Board in matters pertaining to business ethics, policies, financial management, internal controls, accounting policies and financial reporting of the Company and its subsidiaries;

2. to maintain and enhance a line of communication and independence between the Group and the external auditors;

3. to ensure a system of internal controls which will mitigate the likelihood of fraud or error.

The appointment of a properly constituted Audit Committee is an important step to assist the Board of Directors in raising the standard of Corporate Governance and observance of good Corporate Governance practices.

Composition

1. The Audit Committee shall be appointed by the directors from amongst themselves and this fulfils the following requirements:

   (a) the Audit Committee shall comprise of no fewer than three (3) members;

   (b) all the Audit Committee must be non-executive directors, with a majority of them being independent directors;

   (c) the Chairman of the Audit Committee shall be an independent director; and

(d) at least one (1) member of the Audit Committee:

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

(ii) if he is not a member of the MIA, he must have at least three (3) years' working experience and:

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

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

(iii) fulfils such other requirements as prescribed or approved by the Exchange.

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

3. In the event of any vacancy in the Audit Committee resulting in the non-compliance of subparagraph 15.10(1) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements, the Company must fill the vacancy within three (3) months.

4. The Board of Directors of the Company must review the term of office and performance of an Audit Committee and each of its members at least once every three (3) years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

Secretary to the Audit Committee

The Company Secretary shall be the Secretary to the Audit Committee.

Meetings

1. The Audit Committee shall meet at least four (4) times a year or more frequently as circumstances require with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.

2. The majority of members present must be independent directors to form a quorum.

3. The Group Accountant or the Finance Director and representative of external auditors shall normally attend the meeting.

4. The Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary.

5. The Company must ensure that other directors and employees attend any particular Audit Committee meeting only at the audit committee's invitation, specific to the relevant meeting.

6. The Committee shall meet with the external auditors without the executive Board at least twice a year.

7. The Committee actions shall be reported to the Board of Directors with such recommendations as the Committee deemed appropriate.

Procedure of Audit Committee

The Audit Committee may regulate its own procedure, in particular :

(a) the calling of meetings;

(b) the notice to be given of such meetings;

(c) the voting and proceedings of such meetings;

(d) the keeping of minutes; and

(e) the custody, production and inspection of such minutes.

Authority

The Audit Committee was appointed under Chapter 15, Part C, paragraph 15.10 of the Bursa Securities Listing Requirements. The Committee is given the authority to investigate any matter of the Company and its subsidiaries within its terms of reference, the resources which are required to perform its duties, the authority to have full and unrestricted access to any information of the Company and the authority to have direct communication channels with the external auditors and person(s) carrying out the internal audit function. The Committee shall obtain independent/external professional advice and to be able to convene meetings with the external auditors, internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Functions and Duties

The function of the Audit Committee are as follows:

1. To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal and on whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;

2. To discuss with the external auditors before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;

3. To review:

    (a) with the external auditors, their audit plan;

    (b) with the external auditors, the overall scope of the external audit and discuss the results of their examination and their evaluation of the internal control system;

    (c) with the external auditors, the audit report;

    (d) the assistance given by the employees of the Company to the external auditors;

    (e) the quarterly results and year end financial statements of the Company, prior to the approval by the board of directors, focusing particularly on :

        (i) any changes in or implementation of major accounting policies and practices;

        (ii) significant adjustments arising from the audit and unusual events;

        (iii) the going concern assumption;

        (iv) compliance with accounting standards, other statutory and legal requirements;

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

(g) the external and internal auditor's management letter and management's response;

(h) any letter of resignation from the external auditors of the Company.

4. To recommend the nomination of a person or persons as external auditors.

5. To discuss problems and reservations arising from the interim and final audits and any other matters the auditors may wish to discuss;

6. To do the following where an internal audit function exists:

   (a) to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry on its work;

   (b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

   (c) to review any appraisal or assessments of the performance of members of the internal audit function;

   (d) to approve any appointments or terminations of senior staff members of the internal audit function;

   (e) to inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resignation;

7. To consider the major findings of internal investigations and management's response;

8. To report promptly such matter to the Bursa Securities where the audit committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements; and

9. To consider other topics as defined by the Board.

NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

Six (6) Audit Committee meetings were held on 6 February 2007, 28 February 2007, 23 April 2007, 28 May 2007, 23 August 2007 and 2 November 2007 during the financial year ended 31 December 2007. The attendance record of each member during the financial year is as follows:

Audit Committee Members	Date of Meetings Held/Attended						Total Meetings Attended
	06.02.2007	28.02.2007	23.04.2007	28.05.2007	23.08.2007	02.11.2007	
Mr Chiam Tau Meng	√	√	√	√	√	√	6/6
Mr Too Kok Leng	√	√	√	√	√	√	6/6
Dr. Christopher Shun Kong Leng, CFP®, RFP™	√	√	√	√	√	×	5/6

During the year, the external auditors have attended two(2) meetings, i.e. on 28 February 2007 and 23 April 2007.

ACTIVITIES

A summary of the activities undertaken by the Audit Committee in discharging their duties and responsibilities during the financial year were as follows:

(i) Reviewed the external auditors' scope of work and their audit plan for the year;

(ii) Reviewed with the external auditors the results of their audit, the audit report, the management letter, including management's response and internal control recommendations in respect of control weaknesses noted in the course of their audit;

(iii) Reviewed the audited financial statements before recommending it for Board's approval;

(iv) Reviewed and recommended the audit fees payable to the external auditors for the Board's approval;

(v) Reviewed the Company's compliance with the Listing Requirements of the Bursa Securities, applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") and other relevant legal and regulatory requirements;

(vi) Reviewed the quarterly unaudited financial results, announcements and audited financial statements of the Company prior to submission for the Board's consideration and approval to ensure that the audited financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards approved by the MASB;

(vii) Reviewed the internal audit function and risk management needs, programme and plan for the financial year under review and annual assessment of the internal audit function and risk management performance;

(viii) Reviewed the audit reports presented by internal audit function and risk management on findings and recommendations with regard to system and controls weaknesses noted in the course of their audit and management's responses thereto and ensuring material findings are adequately addressed by management;

(ix) Reviewed the Company's status of compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement pursuant to the requirement of paragraph 15.26 of the Bursa Malaysia Securities Berhad Revamped Listing Requirements before recommending them to the Board action plans and the prescribed corporate governance principles and best practices under the Code; and

(x) Reviewed and verified the allocation of Employees Share Option Scheme ("ESOS") made in the financial year ended 31 December 2007 and confirmed that the allocation complied with the allocation criteria determined by the ESOS Committee and in accordance with the ESOS Bye-Laws.

INTERNAL AUDIT FUNCTION

The Company had outsourced the internal audit function to CGRM Infocomm Sdn Bhd ("CGRM"). The principal role of CGRM is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continued to operate satisfactorily and effectively. It is the responsibility of CGRM to provide the Audit Committee with independent and objective reports on the extent of compliance of the various operating units within the Group's established policies and procedures as well as relevant statutory requirements.

Further details of the activities of Internal Audit Function are set out in the Statement on Internal Control on page 21 of the Annual Report.

STATEMENT BY THE AUDIT COMMITTEE IN RELATION TO ESOS ALLOCATION

The Audit Committee confirms that the criteria of allocation of ESOS has been made in accordance with the Company's ESOS Bye-Laws.

INTRODUCTION

The Board of Directors ("the Board") of Menang Corporation (M) Berhad ("Menang" or "the Company") fully subscribes to the principles and recommendations embodied in the Malaysian Code on Corporate Governance ("the Code") and appreciates the importance of adopting high standards of corporate governance within the Group. As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is thus fully committed to the maintenance of high standards of corporate governance by ensuring full application of all the principles and best practices set out in Parts 1 and 2 of the Code.

The Board is pleased to provide the following statement, which outlines how the Group has applied the principles laid down in the Code. Except of matters specifically identified, the Board has complied with the best practices set out in the Code throughout the financial year ended 31 December 2007.

A. DIRECTORS

A1. The Board

Board Responsibilities / Principle Duties

The Board takes full responsibility for the overall performance of the Company and the Menang Group by setting the vision and objectives, establishing goals for management and monitoring its achievement, directing the policies, strategic action plans and ultimately the enhancement of long term shareholders value. The Board focuses mainly on the following specific areas:

- The strategic action plans for the Group
- Evaluation of Company's business performance
- Identifying and management of principal risks
- Succession planning for senior management
- Developing and implementing an investor relations programme and shareholder communications policy
- Reviewing adequacy and integrity of Company's internal control systems and management information systems

Composition of the Board

The Board is made up of six (6) members, comprising the Group Executive Chairman, the Group Managing Director/Group Chief Executive Officer, Non-Executive Group Deputy Chairman, Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors.

Board Committee

The Board of Directors delegates certain responsibilities to the Board Committees in order to enhance business and operational efficiency. Currently, the Company has three(3) committees namely Audit, Nomination and Remuneration Committees to assist the Board in the execution of its duties. These three(3) committees consist of members from the Board. All the committees have their own written terms of reference and operating procedures. They report directly to the Board, the outcome of the Committee meetings as well as their recommendations.

Meeting

The Board meets at least four(4) times a year at quarterly intervals with additional meetings for particular matter convened as and when necessary. Five(5) Board meetings were held during the financial year to deliberate upon and considered a variety of matters including Group's financial results, issues of strategy, performance and resources, strategic decisions, business plan and direction of the Group.

The attendance record of each Director is as follows:

	No. of Meetings Attended/Held
Executive Directors	
Dato' Abdul Mokhtar Ahmad	3/5
Dato' Shun Leong Kwong	5/5
Dr. Christopher Shun Kong Leng, CFP®, RFP™ *(redesignated as Non Independent Non-Executive Director on 31 December 2007)*	5/5
Non-Executive Directors:	
Datin Mariam Eusoff	5/5
Mr Chiam Tau Meng	5/5
Mr Too Kok Leng	4/5

A2. Board Balance

The current Board composition of two(2) Executive Directors, two(2) Non-Independent Non-Executive Directors and two(2) Independent Non-Executive Directors complies with Para 15.02 of the Bursa Malaysia Securities Berhad Listing Requirements which requires at least two(2) Directors or one-third (1/3) of the Board, whichever is higher, are independent directors.

The Directors, with their different backgrounds and specializations, equipped with a wide range of knowledge and experience and with the support of the management team responsible for implementing the policies and decisions of the Board, overseeing the operations and managing the Group's business and resources.

There is a balance in the Board membership with the presence of the Independent Non-Executive Directors who are calibre and individuals of credibility with vast varied experience. Both the Independent Non-Executive Directors are independent of management and free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

The Independent Non-Executive Directors are actively involved in various Board committees. They bring to bear objective and independent assessment and opinion to the decision making of the Board and provide a capable check and balance for the Executive Directors. Together with the Executive Directors who have intimate knowledge of the business, they provide an effective blend of entrepreneurship, business and professional expertise in general management and areas of the industries the Group is involved in.

The role of the Group Executive Chairman and the Group Managing Director/Group Chief Executive Officer are separate and each has a clearly accepted division of responsibilities to ensure that there is a balance of power and authority. The Board has identified Mr Chiam Tau Meng as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed. The specific areas of responsibilities of each director is shown in the Directors' profile on pages 6 to 8 of the Annual Report.

The Board is represented by a significant shareholder.

The Board is satisfied that the current composition fairly reflects the investment of minority shareholders in the Company through the representation of the two(2) Independent Non-Executive Directors.

A3. Supply of Information

All the Board members have full and timely access to all information within the Group. Board papers are distributed prior to the Board Meeting to enable the Directors to obtain relevant information and have sufficient time to deliberate on the issues to be raised at the meeting so as to discharge their duties diligently.

The Board papers which include the agenda and reports covering amongst others, areas of strategic, financial, operational, regulatory compliance matters that require the Board's approval.

Detailed periodic briefings on industry outlook, company performance and previews are also conducted for the Directors to ensure that the Board is well informed on the latest market and industry trends and development.

The Board or the individual director has unfettered access to the advice and services of the Company Secretary who ensure effective functioning of the Board and compliance of applicable rules and regulations. In the event that the Company Secretary fails to fulfill his/her duties effectively, the terms of appointment permits his/her removal and appointment of a successor by the Board as a whole.

The Board of Directors, whether as a full board or in their individual capacities, is entitled to obtain independent professional advice or opinion where necessary and in appropriate circumstances, in furtherance of their duties at the Group's expense.

A4. Appointment to the Board

The Nomination Committee of the Company comprises exclusively of Independent Non-Executive Directors with the responsibility of recommending a suitable candidate with the necessary skills, experience and competences to be filled in the Board and Board Committees. Any new nomination received is put to the full Board for assessment and endorsement on an ongoing basis. The Company Secretary will ensure that all appointments are properly made and that all necessary information is obtained, as well as legal and regulatory obligations are met.

During the year, the Nomination Committee had implemented a process to assess the performance and contribution of each Director and effectiveness of the Board as a whole and at the same time had reviewed the required mix of skills and experience of the Board. The Committee also keeps under review the Board structure, size and composition as well as considering the Board's succession planning.

There is a formal training programme for new directors as it is the Company's policy to appoint to the Board individuals of sufficient calibre and experience to carry out the necessary duties of a director. The Board is mindful of the code of best practice in this regard and will review the necessity for formal training from time to time.

All the Directors have successfully completed the Mandatory Accreditation Programme prescribed by the Bursa Malaysia Securities Berhad ("Bursa Securities"). The Directors will continue to undergo relevant courses and seminars accredited by Bursa Securities under the Continuing Education Programme for directors of public listed companies to keep abreast with industry, regulatory and compliance issues, trends and best practices.

Trainings and seminars attended by Directors in 2007 comprised the following :-

- Corporate Governance and Media
- Insider Trading : Issues and Challenges
- Code of Corporate Compliance and Ethical Conduct
- Strategic Marketing Plan and Brand Management Strategies

A5. Re-election

In accordance with the Company's Articles of Association, all the Directors who are appointed by the Board are subject to retirement and are eligible for re-election by the shareholders at the next Annual General Meeting ("AGM") held following their appointments. There was no new appointment made during the financial year.

The articles also provide that at least one-third (1/3) of the Directors shall retire from the office at each AGM and shall be eligible to offer themselves for re-election provided always that all Directors including the Managing Director shall retire from office and stand for re-election at least once every three(3) years.

B. DIRECTORS' REMUNERATION

The Remuneration Committee of the Company comprises the following Directors:

Mr Too Kok Leng	-	Independent Non-Executive Director *(Chairman)*
Mr Chiam Tau Meng	-	Independent Non-Executive Director
Dr. Christopher Shun Kong Leng, CFP®, RFP™ *(redesignated as Non-Independent Non-Executive Director on 31 December 2007)*	-	Deputy Group Managing Director

The Remuneration Committee responsible for recommending the remuneration packages of the Executive Directors in accordance with the Company's policy and with reference to external benchmark reports to the full Board for consideration and approval. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by them. The Board as a whole determines the remuneration of the Non-Executive Directors with the individual director affected abstaining from discussion and determination of his/her own remuneration package.

The remuneration package is necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

The details of the remuneration for Directors received / receivable from the Company during the financial year are as follows:

(a) aggregate remuneration of Directors categorised into appropriate components:

	Fees RM'000	Salaries RM'000	Bonus & Incentives RM'000	Benefits -in-Kind RM'000	Others RM'000	Total RM'000
Executive Directors	15.000	36.000	9.000	114.617	2.850	177.467
Non-Executive Directors	15.000	132.000	–	10.892	0.600	158.492

(b) The number of Directors whose total remuneration falls within the following bands:

Range of remuneration (RM)	Number of Directors Executive	Non-Executive
Not more than 50,000	2	1
50,001 to 100,000	1	2

C. SHAREHOLDERS

The Company recognises the importance of accountability to its shareholders through an effective and constructive communication policy that enables both the board and management to communicate effectively with its shareholders, stakeholders and the public generally about performance, corporate governance and other matters affecting shareholders' interest. The Company reaches out to its shareholders through its distribution of the annual reports and other explanatory circulars. Each year, the Company strives to produce a comprehensive annual report which is not only informative with facts and figures but also reader-friendly. Timely announcement are made to the public with regards to the Company's corporate proposal, financial results and other required announcements.

All shareholders are encouraged to attend the Company's Annual General Meeting and to participate in the proceedings. Shareholders' suggestions received during the Annual General Meetings are reviewed and considered for implementation wherever possible. The shareholders are given every opportunity to enquire, raise questions and seek clarification on the business and performance of the Group. These would give investors a better appreciation of the Company's objectives, its potential problems, the quality of its management, enhance better understanding of corporate strategies while also making the Company aware of the expectations and concerns of the shareholders. This process helps to create a more stable shareholders base.

D. ACCOUNTABILITY AND AUDIT

D1. Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial positions and prospects in all their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman's Statement and the Statement by Directors to enhance shareholders' understanding of the business operations of the Group.

The quarterly results announcements on these results also reflect the Board's commitment to give regular updated assessments on the Group's performances.

D2. Internal Control

The information on the Group's internal control is presented in the Statement on Internal Control on pages 20 to 22 of the Annual Report.

D3. Relationship with the Auditors

The Board through its Audit Committee maintains a formal and transparent arrangement with the Company's external auditors. A summary of activities of the Audit Committee during the financial year are included in the Audit Committee Report as detailed on page 14 of the Annual Report.

Statement on Internal Control

1. INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies to maintain a sound system of internal controls to safeguard shareholder's investments and the Group's assets. The Board of Directors of Menang Corporation (M) Berhad ("the Board") is taking appropriate initiatives to maintain and further strengthen the transparency, accountability and efficiency of the Group operations.

The Statement of Internal Control is prepared under the requirement of Para 15.27(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements and in accordance with the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" issued jointly by the Institute of Internal Auditors and Bursa Securities. The Board is pleased to report to the shareholders on the state of internal control of the Group during the year under review.

2. RESPONSIBILITY FOR RISK AND INTERNAL CONTROLS

The Board and the senior management recognizes its overall responsibility for maintaining the Group's system of internal control and had established processes for identifying, evaluating and managing the significant risks faced by the Group.

Hence, the Board endeavors to maintain an adequate system of internal controls that is designed to manage, rather than to eliminate risk, to achieve business objectives and to improve governance process. However, it is recognized that evaluation and implementation of the system can only provide reasonable assurance of the Group in achieving its objectives. The system will not provide absolute assurance against any material loss occurrence.

The Board confirms that the system of internal controls with the key elements highlighted in Parts 5 and 6 of this statement were in place during the financial year. The system is subject to regular reviews by the Board. However, material joint venture and associated company have not been dealt with as part of the Group for purposes of applying the above guidance as the joint venture and associated company have their own systems of internal controls in place. Nevertheless, the Board convenes regular Board and operations meetings with the joint venture and associated company to monitor these investments.

3. RISK MANAGEMENT FRAMEWORK

The Group is still maintaining its risk management policy and framework to continually update and identify the various factors that could have a potentially significant impact on the Group's mid to long term business objectives.

The risk management policy and framework incorporates the following activities:

- Identify the various risk factors (financial and non-financial) that can potentially have a significant impact on Menang Corporation (M) Berhad ("Menang")'s success and continuity.
- Establish a risk coverage policy and rank of these risks according to its relative weight.
- Assess each of these risks (using the risk factors and relative weight) on Menang's main business line i.e., property development.
- Establish an overall risk profile in order of priority.
- Establish an overall audit plan that covers all risks areas.
- Conduct reviews of control activities on high-risk areas.
- Evaluate the control activities and give an opinion on the systems of internal controls.
- Monitor changes in business conditions and operating style.
- Evaluate changes against risks identified earlier and internal control systems.

4. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to CGRM Infocomm Sdn Bhd (528644-W) ("CGRM"). CGRM, an independent internal audit services provider, was appointed to support the Audit Committee, and by extension, the Board, by providing an independent assurance on the effectiveness of the Group's system of internal control.

In particular, CGRM appraises and contributes towards improving the Group's risk assessment and control systems and reports to the Audit Committee on a periodic basis. To date, two (2) reviews have been conducted during the financial year.

The internal audit work plan is risk-based and reflects the Group's major business activities identified by the risk management framework. This plan is reviewed and approved by the Audit Committee. The scope of CGRM's function covered the audit of all business units and operations except those of the joint venture and associate companies.

The internal audit reviews were conducted in accordance to the Guidelines on the Internal Audit Function issued by The Institute of Internal Auditors Malaysia in July 2002 as well as the Standards for the Professional Practice of Internal Auditing (SPPIA) issued by The Institute of Internal Auditors and the principles of the COSO (Committee of the Sponsoring Organizations of the Treadway Commission) framework, a globally accepted internal control and governance model.

5. INTERNAL CONTROL SYSTEM

An embedded control system is designed to facilitate achievement of the Group's business objectives. It comprises the underlying control environment, risk assessment, control activities, information and communication as well as monitoring systems.

The organizational structure has a positive tone and good leadership as well as defined lines of responsibility, delegation of authority and segregation of duties.

The Group has in place a comprehensive budgeting process for all operating units.

Pertinent information is identified, captured and utilised at all levels of the Group. These are distributed in a form and time frame that supports the achievement of financial reporting objectives.

Close independent appraisals by the Management, Audit Committee, Internal and External Auditors ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls. Frequent monitoring of performance is undertaken to identify major variances and Management action that has been taken or to be taken.

Besides primary ownership over the effectiveness of the Group's internal control systems, the Board recognizes its responsibility over the principal risks of various aspects of the Group's business. For long-term viability of the Group, it is crucial to achieve a critical balance between risks incurred and potential returns.

6. OTHER KEY ELEMENTS OF INTERNAL CONTROL

The following are other key elements of the Group's internal control systems:

- The Audit Committee meets at least four (4) times a year and reviews the effectiveness of the Group's system of internal controls.
- The hands-on involvement of the Executive Directors in the operations and financial of the Group enable most issues to be effectively resolved on a timely basis.
- Annual budgets are prepared by each operating unit and consolidated by the Group Finance function. These are thoroughly reviewed before they are tabled to the Management Committee, Audit Committee and the Board for approval.
- A Tender Committee is established and meets at least once a year to evaluate and appoint contractors to supply their goods and / or services. The centralized procurement function also ensures approval procedures are adhered to as well as to leverage on a consolidated Group purchasing power.
- Management constantly monitors the progress of highlighted issues and had showed its commitment and provides the leadership in rectifying them.
- Management monitors the quarterly results of the Group against a Board-approved budget and in the event of major variances, Management will take appropriate action.
- The Group's performance is monitored by the Group Finance function who prepares monthly management accounts with comparisons against the approved budget. The monthly management accounts are reviewed and deliberated by Management in its Monthly Management Meeting.
- The Board monitors the Group's performance by reviewing its quarterly results and operations and approves the announcements to the Bursa Securities. These are reviewed by the Audit Committee before they are tabled to the Board.

All these functions provide their respective degree of assurance to the operations and existence of the system of the internal control.

7. CONCLUSION

Internal control weaknesses were identified during the financial year ended 31 December 2007. The control weaknesses identified have been, or are being, addressed to ensure the integrity of internal controls. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require mention in the Group's annual report.

The Management of the Group continues to take measures to strengthen the internal control environment. The development of the system of internal control is an ongoing process and the Board maintains an ongoing commitment to strengthen the Group's internal control environment and processes.

This statement was made in accordance with the Minutes of the Board of Directors' Meeting held on 26 February 2008.

Other Compliance Statements

1. **UTILISATION OF PROCEEDS**

   There were no proceeds raised from any proposal during the financial year.

2. **SHARE BUY-BACKS**

   There were no Share Buy-Backs during the financial year.

3. **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**

   There were no Warrants, Redeemable Convertible Secured Loan Stocks or Employee Share Option Scheme exercised during the financial year.

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

   There were no ADR/GDR programme sponsored by the Company during the financial year.

5. **SANCTIONS AND/OR PENALTIES**

   There were no sanctions or material penalties imposed by any of the regulatory bodies on the Company and its subsidiaries, directors or management.

6. **NON-AUDIT FEES**

   There were no non-audit fees paid to external auditors during the financial year.

7. **VARIATION IN RESULTS**

   There were no variance between the results of the financial year and the unaudited results previously announced.

8. **PROFIT GUARANTEE**

   There were no profit guarantee given by the Company during the financial year.

9. MATERIAL CONTRACTS

The material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interest: -

a) which were still subsisting as at 31 December 2007.

Date	Parties involved	General Nature	Cash Consideration	Relation between the director or major shareholder and contracting parties
02.06.2005	Tanco Land Sdn Bhd ("TLSB") Pelangi Citapadu (M) Sdn Bhd ("PCSB") and Menang Development (M) Sdn Bhd ("MDSB")	To novate the Sale and Purchase Agreement between TLSB and PCSB to MDSB to purchase six (6) pieces of land from TLSB	RM9,000,000.00 plus accrued interest	Maymerge (M) Sdn Bhd ("Maymerge") is the substantial shareholder or ultimate substantial shareholder of Menang Corporation (M) Berhad ("MCB"), MDSB and PCSB. Dato' Abdul Mokhtar Ahmad, Dato' Shun Leong Kwong and Datin Mariam Eusoff are the directors of Maymerge, MCB, MDSB and PCSB.

b) which were entered into since the end of the previous financial year

Nil.

10. REVALUATION POLICY ON LANDED PROPERTIES

The Company revalues its landed properties every five (5) years and a shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There were no recurrent related party transactions of a revenue nature during the financial year.

12. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group did not undertake any corporate social responsibility activities during the financial year ended 31 December 2007.

Statement of Directors' Responsibilities

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required to ensure that financial statements for each financial year are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs and results of the Group and the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and then apply them consistently;
- made judgements and estimates that are prudent and reasonable; and
- ensured all applicable accounting standards have been followed.

The Directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have a general responsibility for taking such reasonable steps as are reasonably open to them:-

(a) to safeguard the assets of the Group and the Company; and

(b) to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 28 April 2008.

Financial Statements

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, letting out of properties and the provision of management services. The principal activities of the subsidiaries are stated in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net (loss)/profit for the financial year, attributable to equity holders of the Company	(10,497)	499

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of warrants and options pursuant to the Employees' Share Option Scheme.

Warrants 2006/2011

The Warrants are in registered form and constituted by a Deed Poll and entitle the registered holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company at a price of RM1.00 per ordinary share for every warrant held. The conversion ratio is subject to the aforesaid Deed Poll and can be exercised at any time during the initial five-year subscription period which expired on 15 October 2006. On 30 June 2006, pursuant to the Extraordinary General Meeting and the Meeting of the Warrant holders in relation to the Warrants Extension, the Warrants have been extended by an additional five (5) years, from 16 October 2006 up to and including 15 October 2011. The other terms and conditions of the original deed poll dated 17 May 2001 shall remain unchanged. As at the date of the Report, none of the warrants has been exercised.

OPTIONS GRANTED OVER UNISSUED SHARES (Continued)

Employees' Share Option Scheme ("ESOS")

At an Extraordinary General Meeting held on 15 January 2002, the Company's shareholders approved the establishment of an Employees' Share Option Scheme to eligible Executive Directors and employees of the Group whereby;

(i) not more than fifty per cent (50%) of the ordinary shares available under the ESOS should be allocated, in aggregate, to Executive Directors and senior management; and

(ii) not more than ten per cent (10%) of the ordinary shares available under the ESOS should be allocated to any individual Executive Director or Eligible Employee, who either singly or collectively through his/her associates hold twenty per cent (20%) or more of the issued and paid-up share capital of the Company.

The options offered under ESOS to take up unissued ordinary shares of RM1.00 each and the subscription prices are as follows:

		- Number of options over ordinary shares of RM1.00 each -			
Exercise period	**Subscription price RM**	**Balance as at 1.1.2007**	**Offered and accepted**	**Lapsed due to resignation**	**Balance as at 31.12.2007**
25.1.2002 - 23.1.2012	1.00	12,473,000	–	(3,402,000)	9,071,000
2.5.2002 - 23.1.2012	1.00	10,000	–	–	10,000
7.11.2002 - 23.1.2012	1.00	312,000	–	(312,000)	–
10.1.2003 - 23.1.2012	1.00	146,000	–	–	146,000
25.2.2004 - 23.1.2012	1.00	621,000	–	(55,000)	566,000
7.1.2005 - 23.1.2012	1.00	1,753,000	–	(1,043,000)	710,000
21.2.2005 - 23.1.2012	1.00	172,000	–	(32,000)	140,000
		15,487,000	–	(4,844,000)	10,643,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of employees and their option holdings which is less than 1,000,000 ordinary shares of RM1.00 each.

The salient features of the ESOS are as follows:

(i) the maximum number of ordinary shares to be issued and allotted by the Company under the ESOS as approved by the Securities Commission shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;

(ii) Executive Directors and eligible employees are those who have been confirmed in writing as employees of the Group on or prior to the date of the offer;

(iii) the option is personal to the grantee and shall not be transferred, assigned or disposed of by the grantee save and except in the event of the death of the grantee as provided under Bye-Law 14.6;

(iv) no offer shall be made to any Executive Director of the Company unless such offer and the related allotment of shares have previously been approved by the shareholders of the Company in general meeting;

OPTIONS GRANTED OVER UNISSUED SHARES (Continued)

Employees' Share Option Scheme ("ESOS") (Continued)

(v) the subscription price at which the employees are offered to take up shares under the ESOS is either at a discount of not more than ten percent (10%) from the weighted average market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for five (5) market days immediately preceding the date of offer or at par value of the shares of the Company of RM1.00, whichever is higher;

(vi) the options granted may be exercised at any time within the option period and the option may be fully exercised after the acceptance under Bye-Law 10.1; and

(vii) the options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company within the Group.

On 26 December 2006, the Company has extended its existing ESOS which is expiring on 23 January 2007 for another five(5) years effective from 24 January 2007 up to and including 23 January 2012 in accordance with the provision of the Company's ESOS Bye-Law.

DIRECTORS

The Directors who held office since the date of the last report are:

Y. Bhg. Dato' Abdul Mokhtar Ahmad
Y. Bhg. Dato' Shun Leong Kwong
Y. Bhg. Datin Mariam Eusoff
Dr. Christopher Shun Kong Leng, CFP®, RFP™
Too Kok Leng
Chiam Tau Meng

In accordance with Article 112 of the Company's Articles of Association, Y. Bhg. Dato' Shun Leong Kwong and Too Kok Leng retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company and its related corporations during the financial year ended 31 December 2007 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	- Number of ordinary shares of RM1.00 each -			
Shares in the Company	**Balance as at 1.1.2007**	**Bought**	**Sold**	**Balance as at 31.12.2007**
Direct interests:				
- Y. Bhg. Dato' Shun Leong Kwong	9,400	–	–	9,400
- Y. Bhg. Datin Mariam Eusoff	4,200	–	–	4,200
- Dr. Christopher Shun Kong Leng, CFP®, RFP™	5,070,500	3,732,500	8,800,000	3,000

DIRECTORS' INTERESTS (Continued)

	- Number of ordinary shares of RM1.00 each -			
Shares in the Company	**Balance as at 1.1.2007**	**Bought**	**Sold**	**Balance as at 31.12.2007**
Indirect interests:				
- Y. Bhg. Dato' Abdul Mokhtar Ahmad	118,557,830	–	22,612,700	95,945,130
- Y. Bhg. Dato' Shun Leong Kwong	118,564,130	–	22,619,000	95,945,130
- Y. Bhg. Datin Mariam Eusoff	118,557,830	–	22,612,700	95,945,130

	- Number of options over ordinary shares of RM1.00 each -			
ESOS in the Company	**Balance as at 1.1.2007**	**Offered and accepted**	**Exercised**	**Balance as at 31.12.2007**
Y. Bhg. Dato' Abdul Mokhtar Ahmad	1,000,000	–	–	1,000,000
Y. Bhg. Dato' Shun Leong Kwong	1,000,000	–	–	1,000,000
Y. Bhg. Datin Mariam Eusoff	1,000,000	–	–	1,000,000
Dr. Christopher Shun Kong Leng, CFP®, RFP™	1,000,000	–	–	1,000,000

Y. Bhg. Dato' Abdul Mokhtar Ahmad, Y. Bhg. Dato' Shun Leong Kwong, Y. Bhg. Datin Mariam Eusoff and Dr. Christopher Shun Kong Leng, CFP®, RFP™ are deemed to have interest in the shares of the subsidiaries of the Group by virtue of their interest in the Company as disclosed above.

None of the other Directors holding office at 31 December 2007 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as 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 the Director is a member, or with a company in which he has a substantial financial interest, other than certain Directors who are deemed to derive a benefit by virtue of their interests in companies which provided services to certain companies in the Group in the ordinary course of business as disclosed in Note 36 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issuance of Redeemable Convertible Secured Loan Stocks as disclosed in Note 25 to the financial statements and Directors' entitlement to subscribe for new ordinary shares in the Company under ESOS of the Company.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

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

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

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

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

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

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

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

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 9 October 2002, Menang Development (M) Sdn. Bhd. ("MDSB") entered into a Sale and Purchase Agreement with Tanco Land Sdn. Bhd. ("TLSB") to dispose 18 parcels of shoplots in Mukim of Rasah, District of Seremban, Negeri Sembilan Darul Khusus for a total cash consideration of RM6.84 million. A sum of RM50,000 was received on the execution of agreement.

On 9 October 2002, MDSB entered into a Sale and Purchase Agreement with TLSB to acquire three pieces of land in Mukim of Rasah, District of Seremban, Negeri Sembilan Darul Khusus measuring approximately 28.68 acres for a total cash consideration of RM6.84 million. A sum of RM50,000 was paid on the execution of agreement.

On 9 October 2002, Pelangi Citapadu (M) Sdn. Bhd. ("PCSB") entered into a Sale and Purchase Agreement with TLSB to acquire six pieces of land in Mukim of Rasah, District of Seremban, Negeri Sembilan Darul Khusus measuring approximately 40.10 acres for a total cash consideration of RM9.00 million including accrued interest.

The above Sale and Purchase Agreements are inter-conditional and to be completed simultaneously.

However, on 2 June 2005, MDSB entered into a Novation Agreement ("the said Novation Agreement") with TLSB and PCSB to novate the Sales and Purchase Agreement dated 9 October 2002 from PCSB to MDSB.

On 30 December 2005, MDSB entered into a Supplemental Agreement ("the said Supplemental Agreement") with TLSB and PCSB to extend the completion date of the said Novation Agreement for three (3) months commencing from:

(a) the validation order being obtained from the High Court under section 176(10C) of the Companies Act, 1965 for the said Novation Agreement and the said Supplemental Agreement; or

(b) the restraining order granted by High Court under section 176(10) of the Companies Act, 1965 to TLSB lapses;

whichever shall be earlier provided always that the period in which item (a) or (b) occurs shall be within six (6) months from 30 December 2005 that is the date of the said Supplemental Agreement.

On 30 June 2006, the restraining order has lapsed and pursuant to the said Supplemental Agreement, the completion date was 30 September 2006. However, on 9 April 2007, MDSB entered into a Second Supplemental Agreement to extend its completion date from 1 October 2006 to 31 March 2008.

On 18 April 2008, TLSB agreed to extend its completion date from 31 March 2008 to 30 September 2008 pending completion of conditions precedent.

(ii) On 27 February 2007, the Company disposed of its equity interest of 490,000 ordinary shares of RM1.00 each in Menang Construction (M) Sdn. Bhd., representing 49% of the issued and paid-up capital for a total cash consideration of RM392,861. Subsequently, on 12 November 2007, the Company had reacquired the 49% of the issued and paid-up capital of Menang Construction (M) Sdn. Bhd. for a cash consideration of RM392,861.

AUDITORS

The auditors, BDO Binder, have expressed their willingness to continue in office.

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

Y. Bhg. Dato' Abdul Mokhtar Ahmad
Director

Y. Bhg. Dato' Shun Leong Kwong
Director

Kuala Lumpur
23 April 2008

Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 36 to 89 have been drawn up in accordance with the applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 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 2007 and of the results of the operations of the Company and of the Group and of the cash flows of the Company and of the Group for the financial year then ended.

On behalf of the Board,

Y. Bhg. Dato' Abdul Mokhtar Ahmad
Director

Y. Bhg. Dato' Shun Leong Kwong
Director

Kuala Lumpur
23 April 2008

Statutory Declaration

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

I, Ng Kim Fong, being the officer primarily responsible for the financial management of **Menang Corporation (M) Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 36 to 89 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 this)
23 April 2008

Ng Kim Fong

Before me:

ROBERT LIM HOCK KEE (No. W092)
Commissioner for Oaths
Lot 2.10, Tingkat 2, Bangunan Angkasa Raya
Jalan Ampang
50450 Kuala Lumpur

We have audited the financial statements set out on pages 36 to 89. These financial statements are the responsibility of the Company's Directors.

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

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

In our opinion:

(a) the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:

  (i) 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

  (ii) the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended;

  and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries 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 auditors' reports of the subsidiaries of which we have not acted as auditors, as indicated in Note 10 to the financial statements, being financial statements that are included in the consolidated financial statements.

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

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

Without qualifying our opinion, we draw your attention to Note 4.1 to the financial statements where reference has been made on matter concerning the uncertainty of the appropriateness of preparing the financial statements of the Group on a going concern basis and its effect on the financial statements.

BDO Binder
AF: 0206
Chartered Accountants

Ng Chee Hoong
2278/10/08 (J)
Partner

Kuala Lumpur
23 April 2008

Balance Sheets

As at 31 December 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	935	1,301	197	342
Investment properties	8	52,500	54,698	12,439	12,439
Land held for property development	9	155,765	165,751	–	–
Investments in subsidiaries	10	–	–	85,331	85,525
Investment in associate	11	–	–	–	–
Other investment	12	2	2	–	–
		209,202	221,752	97,967	98,306
Current assets					
Property development costs	13	61,464	64,373	–	–
Inventories	14	6,190	6,190	–	–
Trade receivables	15	287	250	–	–
Other receivables, deposits and prepayments	16	7,547	3,290	274	326
Amount owing by subsidiaries	17	–	–	140,238	150,604
Tax recoverable		2,676	–	2,676	896
Cash and bank balances		670	883	49	7
		78,834	74,986	143,237	151,833
TOTAL ASSETS		288,036	296,738	241,204	250,139

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

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	18	267,107	267,107	267,107	267,107
Reserves	19	(96,866)	(86,369)	(42,604)	(43,103)
TOTAL EQUITY		170,241	180,738	224,503	224,004
LIABILITIES					
Non-current liabilities					
Borrowings	20	60	115	2	10
Deferred tax liabilities	21	2,732	2,732	–	–
		2,792	2,847	2	10
Current liabilities					
Trade payables	22	873	612	–	–
Other payables and accruals	23	21,523	18,750	2,415	2,427
Amount owing to subsidiaries	24	–	–	8,078	8,129
Borrowings	20	89,166	82,166	2,765	3,944
Redeemable Convertible Secured Loan Stocks	25	3,441	11,625	3,441	11,625
		115,003	113,153	16,699	26,125
TOTAL LIABILITIES		117,795	116,000	16,701	26,135
TOTAL EQUITY AND LIABILITIES		288,036	296,738	241,204	250,139

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

Income Statements

For the Financial Year ended 31 December 2007

		Group		Company	
		2007	**2006**	**2007**	**2006**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	27	27,912	18,643	18	9,573
Cost of sales	28	(23,565)	(15,447)	–	–
Gross profit		4,347	3,196	18	9,573
Other income		512	1,055	1,375	4,545
Administrative expenses		(9,284)	(11,220)	(2,011)	(1,938)
Other expenses		(658)	(1,077)	(1,080)	(1,353)
(Loss)/Profit before operations		(5,083)	(8,046)	(1,698)	10,827
Finance costs		(9,245)	(8,853)	(739)	(1,309)
Share of results of associate		–	7,350	–	–
(Loss)/Profit before tax	29	(14,328)	(9,549)	(2,437)	9,518
Tax income / (expense)	30	3,831	–	2,936	(2,492)
Net (loss)/profit for the financial year		(10,497)	(9,549)	499	7,026
Attributable to:					
Equity holders of the Company		(10,497)	(9,549)	499	7,026
Earnings per share attributable to equity holders of the Company					
Loss per share (sen)	31	(3.93)	(3.57)		

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

Statement of Changes in Equity

For the Financial Year ended 31 December 2007

Group	Share capital RM'000	Capital reserve RM'000	Accumulated losses RM'000	Total RM'000
Balance as at 31 December 2005	267,107	960	(77,780)	190,287
Net loss for the financial year, representing total recognised income and expense for the financial year	–	–	(9,549)	(9,549)
Balance as at 31 December 2006	267,107	960	(87,329)	180,738
Net loss for the financial year, representing total recognised income and expense for the financial year	–	–	(10,497)	(10,497)
Balance as at 31 December 2007	267,107	960	(97,826)	170,241
Company				
Balance as at 31 December 2005	267,107	960	(51,089)	216,978
Net loss for the financial year, representing total recognised income and expense for the financial year	–	–	7,026	7,026
Balance as at 31 December 2006	267,107	960	(44,063)	224,004
Net loss for the financial year, representing total recognised income and expense for the financial year	–	–	499	499
Balance as at 31 December 2007	267,107	960	(43,564)	224,503

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

Cash Flow Statements

For the Financial Year ended 31 December 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(14,328)	(9,549)	(2,437)	9,518
Adjustments for:					
Allowance for doubtful debts		3	–	781	1,094
Bad debts written off		9	–	–	–
Deferred liability charges		2,485	2,485	–	–
Depreciation of property, plant and equipment:-					
- the Group and of the Company	7	347	424	104	145
- joint venture		12	7	–	–
Dividend income		–	–	–	(9,555)
Impairment of investment in subsidiaries		–	–	194	113
Interest expenses		6,760	6,368	739	1,308
Interest income		(68)	(137)	(885)	(1,267)
Loss/(Gain) on disposal of investment properties		252	(677)	–	(677)
Loss/(Gain) on disposal of property, plant and equipment		21	(61)	21	(61)
Gain on disposal of land held for property development		(415)	–	–	–
Gain on disposal of property development		(303)	–	–	–
Loss/(Gain) on disposal of investment in an associate		–	400	–	(2,541)
Share of results of associate		–	(7,350)	–	–
Property, plant and equipment written off		8	12	–	–
Operating loss before working capital changes		(5,217)	(8,078)	(1,483)	(1,923)
Decrease in inventories		–	1,749	–	–
Increase in trade receivables		(37)	(40)	–	–
(Increase) / Decrease in other receivables, deposits and prepayments		(4,218)	(82)	52	(29)
Increase/(Decrease) in trade payables		261	(646)	–	–
Increase/(Decrease) in other payables and accruals		1,086	45	(962)	(361)
Decrease in amounts owing to corporate shareholders		(35)	(1,821)	–	–
(Decrease)/Increase in amounts owing to directors		(111)	(1,182)	548	(202)
Cash used in operations		(8,271)	(10,055)	(1,845)	(2,515)
Tax refunded		1,155	–	1,155	–
Interest received		3	137	–	–
Net cash used in operating activities		(7,113)	(9,918)	(690)	(2,515)

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions in development property		(418)	(1,836)	–	–
Proceeds from disposal of land held for property development		10,401	1,708	–	–
Proceeds from disposal of development property		3,630	646	–	–
Purchase of investment properties		–	(41)	–	–
Dividend received from associate		–	6,880	–	6,880
Proceeds from disposal of property, plant and equipment		27	61	27	61
Purchase of property, plant and equipment		(37)	(206)	(7)	(139)
Proceeds from disposal of an associate		–	7,278	–	7,278
Proceeds from disposal of investment properties		1,946	1,840	–	22
Advances to / (Repayment from) subsidiaries		–	–	2,288	(10,556)
Net cash from investing activities		15,549	16,330	2,308	3,546
CASH FLOWS FROM FINANCING ACTIVITIES					
Deferred liability charges paid		(388)	(100)	–	–
Drawdown of term loan		1,554	1,936	–	–
Interest paid		(100)	(394)	(89)	(234)
Payment of hire-purchase liabilities		(67)	(181)	(8)	(15)
Repayment of term loans		(1,178)	(6,979)	(1,141)	(100)
Redemption of Redeemable Convertible Secured Loan Stocks		(8,184)	–	–	–
Repayment to subsidiaries		–	–	(52)	(21)
Net cash used in financing activities		(8,363)	(5,718)	(1,290)	(370)
Net increase in cash and cash equivalents		73	694	328	661
Cash and cash equivalents at beginning of financial year		354	(340)	(522)	(1,183)
Cash and cash equivalents at end of financial year	32	427	354	(194)	(522)

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

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company are located at 8th Storey, South Block, Wisma Selangor Dredging, 142-A, Jalan Ampang, 50450 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Group and of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 23 April 2008.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, letting out of properties and the provision of management services. The principal activities of the subsidiary companies are stated in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRS") and the provisions of the Companies Act, 1965.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements and on the basis of accounting principles applicable to a going concern.

As at 31 December 2007, the Group has net current liabilities of RM36,169,000 (2006: RM38,167,000) which indicate that the Group may be unable to meet its liabilities as and when they fall due. Currently, the Group is embarking on a rationalisation programme of assets disposal.

The continuation of the Group as a going concern is dependent upon the successful disposal of the assets. The Directors are of the opinion that, barring any unforeseen circumstances, the Group will be able to implement the rationalisation programme and therefore the preparation of financial statements of the Group on a going concern basis is appropriate.

Should the going concern basis of preparing the financial statements of the Group be inappropriate, adjustments will have to be made to reclassify non-current asset and non-current liabilities as current assets and current liabilities respectively, to restate the carrying value of the assets to their recoverable amounts and to provide for further liabilities which may arise.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets, liabilities and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. 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 is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable are taken into account.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Basis of consolidation (Continued)

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

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the financial year between minority interest and equity holders of the Company.

4.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which have different useful life, is depreciated separately.

After initial recognition property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Building and office lots	2%
Plant and machinery	10% - 25%
Motor vehicles	20%
Furniture, fittings and equipment	10% - 25%
Site office, renovations and signboards	10% - 20%

Freehold land is not depreciated.

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Property, plant and equipment and depreciation (Continued)

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

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4.4 Leases

(a) Finance leases

Assets acquired under finance leases which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practical to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit and loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease liabilities.

(b) Operating leases

Lease payment under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Lease of land and building

For lease of land and building, the land and building elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements of the lease in proportion to the relative fair values for leasehold interest in the land element and the building element at the inception of the lease.

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront lease payments made on entering into or acquiring leasehold land is accounted for as prepaid lease payments and is amortised over the lease term on a straight-line basis except for leasehold land that is classified as an investment property or an asset held under property development.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Leases (Continued)

(c) Lease of land and building (Continued)

If the lease payments cannot be allocated reliably between land and building, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

For a lease of land and building in which the amount that would initially be recognised for the land element is immaterial, the land and building are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such case, the economic life of the buildings is recognised are the economic life of the entire lease asset.

4.5 Investment properties

Investment properties are properties which are held to earn rentals or for capital appreciation or for both. Investment properties are initially measured at cost, which includes transactions costs. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

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

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.6 Property development activities

(a) Land held for property development

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

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

When revenue recognised in the income statement exceeds progress billings to purchasers, the balance is classified as accrued billings under current assets. When progress billings exceed revenue recognised in the income statement, the balance is classified as progress billings under current liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Investments

(a) *Subsidiaries*

A subsidiary is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(b) *Associates*

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

In the Company's separate financial statements, an investment in associate is stated at cost less impairment losses, if any.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated balance sheet is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investment.

The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long-term interest that, in substance, form part of the Group's net interest in the associate.

The Group's share of the profit or loss of the associate during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

When the Group's share of losses in the associate equals or exceeds its interest in the associate, the carrying amounting of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. Where the reporting dates of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in reporting dates is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening period.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Investments (Continued)

(c) Joint venture

A joint venture is a contracted agreement whereby the Group and other parties have control over an economic activity.

In respect of their interest in jointly controlled assets, the Group and the Company recognise in their financial statements their share of the jointly controlled assets, classified according to the nature of the assets, any liabilities which they have incurred, their share of any liabilities incurred jointly with the other venturers in relation to the joint venture, any income from the sale or use of their share of the output of the joint venture together with their share of any expenses incurred by the joint venture, and any expenses which they have incurred in respect of their interest in the joint venture.

Unrealised profits or losses arising from transactions between the Group and its joint venturers are recognised only to the extent of that portion of the gain or loss which is attributable to the interests of the other venturers. Unrealised losses are recognised in full when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The Group's interest in jointly controlled assets and liabilities arising from its joint venture arrangement has been accounted for in the financial statements using the line-by-line reporting format for proportionate consolidation.

(d) Other investments

Non-current investments, other than investments in subsidiaries, associate and jointly controlled entities and investment properties, are stated at cost less allowance for diminution in value, if any.

All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments.

Upon disposal of such investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

4.8 Inventories

(a) Completed property

Completed properties held for sale are stated at the lower of cost and net realisable value.

The cost of completed properties held for sale comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

(b) Other inventories

Cost of other inventories is stated at the lower of cost and net realisable value. Cost is determined on weighted average cost basis.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Impairment of non-financial assets

The carrying amounts of the Group's and the Company's assets, except for inventories, deferred tax assets and financial assets (excluding investment in subsidiaries, investment in an associate and other investment), 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.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquire are assigned to those units or groups of units.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the income statement when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU.

The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

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.

Such reversals are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Financial instruments

4.10.1 Financial instruments recognised on the balance sheets

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Receivables

Trade receivables and other receivables, including amounts owing by subsidiaries and related parties are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

Receivables are not held for trading purposes.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdraft, and other short term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

(c) Payables

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

(d) Loan stock

8% Redeemable Convertible Secured Loan Stocks 2002/2007 ("RCLS")

The Company is required to redeem the loan stocks at the maturity date unless converted by the holders. As such, these loan stocks are classified as financial liability.

(e) Interest bearing loans and borrowings

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Financial instruments (Continued)

4.10.1 Financial instruments recognised on the balance sheets (Continued)

(f) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation if the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.10.2 Financial instruments not recognised on the balance sheets

There are no financial instruments not recognised on the balance sheets

4.11 Borrowing costs

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to the income statement. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowings cost are recognised in profit or loss in the period in which they are incurred.

4.12 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Employee benefits

4.13.1 Short term employee benefits

Wages, salaries and social security contributions are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

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 the absences occur.

Bonuses are 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.

4.13.2 Defined contribution plan

The Group makes contributions to a statutory provident fund. The contributions are recognised as a liability after deducting contribution already and as an expense in the period in which the employees render their services.

4.13.3 Share-based payments

The Group operates an equity-settled share-based compensation plan, allowing the employees of the Group to acquire ordinary shares of the Company at predetermined prices. The total fair value of share options granted to employees is recognised as an expense with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Employee benefits (Continued)

4.13.3 Share-based payments (Continued)

For options granted prior to 31 December 2004, no compensation cost or obligation is recognised in the income statement when the share options are granted.

When the options are exercised, equity is increased by the amount of the proceeds received. This is in accordance with the transitional provision of FRS 2 Share-based payment.

The Company has neither options granted after 31 December 2004 and had not yet vested as at 1 January 2007, nor options granted after 1 January 2007.

FRS 2 will apply to the Company's new grants of options in the future.

4.14 Income taxes

Income taxes include all domestic taxes on taxable profit for the financial year. Income taxes also include other taxes, such as associate or jointly controlled entity on distributions to the Group and Company, and real property gains taxes payable on disposal of properties, prior to 1 April 2007, if any.

Taxes in the income statement comprise current tax and deferred tax.

(a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the balance sheet date.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 Income taxes (Continued)

(b) Deferred tax (Continued)

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

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

4.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(i) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the balance sheet date. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

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

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

(ii) Construction contracts

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.15 Revenue recognition (Continued)

(ii) Construction contracts (Continued)

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

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

(iii) Sale of properties

Revenue from sale of properties is recognised upon signing of the sale and purchase agreement.

(iv) Recreational facilities

Revenue from recreational facilities consists of the following:

(a) Registration fees and card sales

Revenue from registration fees and card sales are recognised upon signing of the membership agreement.

(b) Food and beverages and tournament fees

Revenue from food and beverages and tournament fees received are recognised upon the sale of goods and services rendered.

(v) Dividend income

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

(vi) Management fees

Management fee is recognised on an accrual basis.

(vii) Rental income

Revenue from property investment is recognised based on rental received and receivable from letting of properties.

(viii) Interest income

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

(ix) Other income

Income from hire-purchase, factoring and loan facilities is recognised based on the sum of digits method.

4.16 Rounding of amounts

Unless otherwise indicated, the amounts shown in these financial statements have been rounded to the nearest thousand.

5. ADOPTION OF NEW FRS AND AMENDMENT TO FRS

5.1 New FRS and amendment to FRS adopted

(a) FRS 6 Exploration for and Evaluation of Mineral Resources is mandatory for annual periods beginning on or after 1 January 2007. FRS 6 is not relevant to the Group's operations.

(b) FRS 117 Leases and FRS 124 Related Party Disclosures are mandatory for annual periods beginning on or after 1 October 2006. The adoption of these standards does not have any significant impact on the financial statements of the Group and Company.

(c) FRS 119_{2004} Amendment to FRS 119_{2004} Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures is mandatory for annual periods beginning on or after 1 January 2007.

This amendment permits any systematic method that results in recognition of actuarial gains and losses in the period in which they occur provided that the same basis is applied to both, gains and losses and the basis is applied consistently from period to period.

As the Group does not intend to change the accounting policy adopted for the recognition of actuarial gains and losses and does not participate in any multi-employer plans, the adoption of this amendment will only impact the format and extent of disclosures presented in the financial statements.

5.2 New FRS and amendments to FRS not adopted

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 which effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The Group has also not adopted the following FRS and amendments that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group. The Directors do not anticipate that the application of these standards when they are effective will have a material impact on the results and the financial position of the Group:

(a) FRS which are effective for annual periods beginning on or after 1 July 2007

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

These standards align the MASB's FRS with the equivalent International Accounting Standards, both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. The Group will apply these standards for its annual period beginning 1 January 2008.

5. ADOPTION OF NEW FRS AND AMENDMENT TO FRS (Continued)

5.2 New FRS and amendments to FRS not adopted (Continued)

(b) Framework for the Preparation and Presentation of Financial Statements ("Framework") which is effective for annual periods beginning on or after 1 July 2007

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not a MASB approved accounting standard and hence does not define standards for any particular measurement or disclosure issue. The Group will apply this Framework for its annual period beginning 1 January 2008.

(c) Amendments and IC Interpretations which are effective for annual periods beginning on or after 1 July 2007

Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

These IC Interpretation are not relevant to the Group's operations.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Critical judgements made in applying accounting policies

The 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 the financial statements is the classification between investment properties and property, plant and equipment.

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

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

6.1 Critical judgements made in applying accounting policies (Continued)

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

The Group has a club house and recreational facilities known as Paradise Valley Golf Resort Clubhouse ("PVGRC"). PVGRC is not treated as property, plant and equipment because it is the Group's intention to hold for capital appreciation or for rental, and not for use as owner occupied properties. The Group is in the midst of sourcing for external parties to manage PVGRC. As such, the Group has classified it as an investment property.

6.2 Key sources of estimation uncertainty

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

(a) Deferred tax assets

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

(b) Fair value of Investment Properties

Investment properties which comprise freehold land are stated at cost less accumulated impairment losses, if any. For disclosure purposes, the investment property of the Company was appraised by the Director based on a valuation by an independent firm of professional valuers based on open market value in 2004.

(c) Depreciation useful lives of property, plant and equipment

The cost of property, plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within the period as disclosed in Note 4.3 to the financial statements. These are common life expectancies applied in the industry the Group operates. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2007	Balance as at 1.1.2007 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.12.2007 RM'000
At cost					
Freehold land	10	–	–	–	10
Buildings	689	–	–	–	689
Plant and machinery	1,063	2	–	(1)	1,064
Plant and machinery acquired under hire-purchase	46	–	–	–	46
Motor vehicles	1,517	–	(399)	(4)	1,114
Motor vehicles acquired under hire-purchase	393	–	–	–	393
Furniture, fittings and equipment	2,507	25	–	(28)	2,504
Site office and signboards	306	10	–	–	316
Renovations	201	–	–	–	201
	6,732	37	(399)	(33)	6,337

2007	Balance as at 1.1.2007 RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.12.2007 RM'000
Accumulated depreciation					
Buildings	317	14	–	–	331
Plant and machinery	870	74	–	(1)	943
Plant and machinery acquired under hire-purchase	25	2	–	–	27
Motor vehicles	1,382	23	(351)	(4)	1,050
Motor vehicles acquired under hire-purchase	327	66	–	–	393
Furniture, fittings and equipment	2,022	147	–	(20)	2,149
Site office and signboards	287	21	–	–	308
Renovations	201	–	–	–	201
	5,431	347	(351)	(25)	5,402

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2006	Balance as at 1.1.2006 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassi-fication RM'000	Balance as at 31.12.2006 RM'000
At cost						
Freehold land	10	–	–	–	–	10
Buildings	689	–	–	–	–	689
Plant and machinery	695	–	–	(12)	380	1,063
Plant and machinery acquired under hire-purchase	426	–	–	–	(380)	46
Motor vehicles	1,271	169	–	–	77	1,517
Motor vehicles acquired under hire-purchase	611	–	(141)	–	(77)	393
Furniture, fittings and equipment	2,488	35	(8)	(8)	–	2,507
Site office and signboards	304	2	–	–	–	306
Renovations	201	–	–	–	–	201
	6,695	206	(149)	(20)	–	6,732

2006	Balance as at 1.1.2006 RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Reclassi-fication RM'000	Balance as at 31.12.2006 RM'000
Accumulated depreciation						
Buildings	303	14	–	–	–	317
Plant and machinery	643	14	–	(4)	217	870
Plant and machinery acquired under hire-purchase	178	64	–	–	(217)	25
Motor vehicles	1,244	61	–	–	77	1,382
Motor vehicles acquired under hire-purchase	451	94	(141)	–	(77)	327
Furniture, fittings and equipment	1,879	155	(8)	(4)	–	2,022
Site office and signboards	265	22	–	–	–	287
Renovations	201	–	–	–	–	201
	5,164	424	(149)	(8)	–	5,431

7. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

Company **2007**	**Balance as at 1.1.2007 RM'000**	**Additions RM'000**	**Disposal RM'000**	**Balance as at 31.12.2007 RM'000**
At cost				
Motor vehicles	535	–	(395)	140
Motor vehicles acquired under hire-purchase	63	–	–	63
Furniture, fittings and equipment	1,018	7	–	1,025
Renovations	27	–	–	27
	1,643	7	(395)	1,255

	Balance as at 1.1.2007 RM'000	**Charge for the financial year RM'000**	**Disposal RM'000**	**Balance as at 31.12.2007 RM'000**
Accumulated depreciation				
Motor vehicles	431	14	(347)	98
Motor vehicles acquired under hire-purchase	63	–	–	63
Furniture, fittings and equipment	780	90	–	870
Renovations	27	–	–	27
	1,301	104	(347)	1,058

Company **2006**	**Balance as at 1.1.2006 RM'000**	**Additions RM'000**	**Disposal RM'000**	**Balance as at 31.12.2006 RM'000**
At cost				
Motor vehicles	405	130	–	535
Motor vehicles acquired under hire-purchase	204	–	(141)	63
Furniture, fittings and equipment	1,017	9	(8)	1,018
Renovations	27	–	–	27
	1,653	139	(149)	1,643

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Balance as at 1.1.2006 RM'000	Charge for the financial year RM'000	Disposal RM'000	Balance as at 31.12.2006 RM'000
Accumulated depreciation				
Motor vehicles	391	40	–	431
Motor vehicles acquired under hire-purchase	192	12	(141)	63
Furniture, fittings and equipment	695	93	(8)	780
Renovations	27	–	–	27
	1,305	145	(149)	1,301

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Net book value				
Freehold land	10	10	–	–
Buildings	358	372	–	–
Plant and machinery	121	193	–	–
Plant and machinery acquired under hire-purchase	19	21	–	–
Motor vehicles	64	135	42	104
Motor vehicles acquired under hire-purchase	–	66	–	–
Furniture, fittings and equipment	355	485	155	238
Site office and signboards	8	19	–	–
Renovations	–	–	–	–
	935	1,301	197	342

Freehold land and buildings of the Group with net book value amounting to RM367,875 (2006: RM381,665) are pledged to secure term loan facilities granted to the Group.

8. INVESTMENT PROPERTIES

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Freehold land, at cost				
Balance as at 1 January	60,203	117,238	4,325	90,757
Less: Disposals	(261)	(57,035)	–	(86,432)
Balance as at 31 December	59,942	60,203	4,325	4,325
Development expenditure				
Balance as at 1 January	18,411	22,098	8,114	15,952
Additions	–	41	–	9
Less: Disposals	(3,567)	(3,728)	–	(7,847)
Balance as at 31 December	14,844	18,411	8,114	8,114
	74,786	78,614	12,439	12,439
Less: Accumulated impairment losses				
Balance as at 1 January	23,916	24,516	–	–
Reversal arising from disposal	(1,630)	(600)	–	–
Balance as at 31 December	(22,286)	(23,916)	–	–
	52,500	54,698	12,439	12,439

Certain freehold land amounting to approximately RM12,948,800 (2006: RM15,146,000) have been charged to secure term loans and bank overdraft facilities granted to the Group as disclosed in Note 20.

The investment properties of the Group and of the Company were appraised by independent firms of professional valuers based on open market value in 2004.These properties are classified as investment properties so as to reflect the management's intention of holding these properties for investment purposes and for capital appreciation. Based on the prevailing market information that is currently available and the property survey report compiled by independent professional valuers, the Directors are of the view that the fair values of the investment properties held at the balance sheet date are not significantly different from the carrying amount shown in the financial statements at the balance sheet date.

9. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2007 RM'000	Group 2006 RM'000
Freehold land, at cost		
Balance as at 1 January	173,956	120,962
Additions during the financial year	–	56,504
Less: Transfer to development properties (Note 13)	–	(2,146)
Disposals during the financial year	(9,150)	(1,364)
Balance as at 31 December	164,806	173,956
Leasehold land, at cost		
Balance as at 1 January/31 December	9,765	9,765
Development expenditure		
Balance as at 1 January	12,067	10,510
Additions during the financial year	–	2,496
Less: Transfer to development properties (Note 13)	–	(595)
Disposals during the financial year	(836)	(344)
Balance as at 31 December	11,231	12,067
	185,802	195,788
Less: Accumulated impairment losses		
Balance as at 1 January/31 December	(30,037)	(30,037)
	155,765	165,751

Certain freehold land amounting to approximately RM76,906,600 (2006: RM76,970,000) are pledged to financial institutions to secure term loans and bank overdraft facilities granted to the Company and the Group.

The long term leasehold land consist of parcels of land in Klang, Selangor, Malaysia which are held for long term property development. Certain leasehold land amounting to approximately RM6,242,000 (2006: RM6,242,000) are pledged to secure term loan facilities granted to the Group.

10. INVESTMENT IN SUBSIDIARIES

	Company 2007 RM'000	Company 2006 RM'000
Unquoted shares, at cost	222,034	222,034
Less: Accumulated impairment losses	(136,703)	(136,509)
	85,331	85,525

10. INVESTMENT IN SUBSIDIARIES (Continued)

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by Company 2007 %	Company 2006 %	Subsidiaries 2007 %	Subsidiaries 2006 %	Principal activities
Subsidiaries						
Menang Development (M) Sdn. Bhd.^	Malaysia	100	100	–	–	Property development
Menang Leasing and Credit (M) Sdn. Bhd. ^	Malaysia	100	100	–	–	Leasing and hire-purchase
Menang Management Services (M) Sdn. Bhd. ^	Malaysia	100	100	–	–	Management services
Menang Properties (M) Sdn. Bhd. ^	Malaysia	100	100	–	–	Property investment
Menang Aquatics Sdn. Bhd. ^	Malaysia	100	100	–	–	Investment holding and under-taking of landscaping projects
Menang Construction (M) Sdn. Bhd. ^	Malaysia	100	100	–	–	Property construction
Equitiplus Sdn. Bhd. ^	Malaysia	100	100	–	–	Investment holding
Hitung Panjang Sdn. Bhd.*	Malaysia	100	100	–	–	Investment holding
Temeris Holdings Sdn. Bhd. ^	Malaysia	100	100	–	–	Property investment
Menang Industries (M) Sdn. Bhd. ^	Malaysia	100	100	–	–	Dormant
Menang Plantations (M) Sdn. Bhd. ^	Malaysia	100	100	–	–	Dormant
Seremban 3 Paradise Valley Golf Resort Sdn. Bhd.*	Malaysia	100	100	–	–	Operating recreational facilities
Subsidiary of Hitung Panjang Sdn. Bhd.						
Maztri Padu Sdn. Bhd.*	Malaysia	50	50	50	50	Property development

10. INVESTMENT IN SUBSIDIARIES (Continued)

Name of company	Country of incorporation	Interest in equity held by Company 2007 %	Company 2006 %	Subsidiaries 2007 %	Subsidiaries 2006 %	Principal activities
Subsidiary of Menang Leasing and Credit (M) Sdn. Bhd.						
Menang Finservices (M) Sdn. Bhd. ^	Malaysia	–	–	100	100	Licensed money-lender
Subsidiary of Menang Land (M) Sdn. Bhd.						
Menang Saujana Sdn. Bhd. ^	Malaysia	49.50	49.50	50.50	50.50	Property development
Subsidiary of Menang Aquatics Sdn. Bhd.						
Menang Greens Sdn. Bhd. ^	Malaysia	–	–	100	100	Landscaping and turf farming
Subsidiaries of Equitiplus Sdn. Bhd.						
Harapan Akuarium (M) Sdn. Bhd. ^	Malaysia	–	–	100	100	Investment holding and investment trading
Menang Equities (M) Sdn. Bhd. ^	Malaysia	–	–	100	100	Investment holding and investment trading
Subsidiary of Temeris Holdings Sdn. Bhd.						
Temeris Resorts Development Sdn. Bhd. ^	Malaysia	–	–	100	100	Property development
Subsidiaries of Menang Development (M) Sdn. Bhd.						
Menang Land (M) Sdn. Bhd. ^	Malaysia	0.02	0.02	99.98	99.98	Investment holding
Twin Version Sdn. Bhd.*	Malaysia	–	–	100	100	Investment holding
Charisma Cheer Sdn. Bhd.*	Malaysia	–	–	100	100	Investment holding

^ *Subsidiaries audited by BDO Binder*
* *Subsidiaries not audited by BDO Binder.*

11. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unquoted shares, at cost	–	5,023	–	5,023
Share of post-acquisition profits (net of dividend received)	–	4,413	–	–
Disposal during the year	–	(9,436)	–	(5,023)
	–	–	–	–

The summarised financial information of the associate are as follows:

	31.5.2006* RM'000
Assets and liabilities	
Non-current assets	176
Current assets	25,488
Total assets	25,664
Non-current liabilities	–
Current liabilities	6,659
Total liabilities	6,659

	1.1.2006 to 31.5.2006* RM'000
Results	
Revenue	35,500
Profit after tax	14,999

* *Date of disposal*

12. OTHER INVESTMENT

	Group	
	2007 RM'000	2006 RM'000
Shares quoted in Malaysia, at cost	2	2
Market value of quoted shares	7	6

13. PROPERTY DEVELOPMENT COSTS

	Group 2007 RM'000	Group 2006 RM'000
Freehold land, at cost		
Balance as at 1 January	57,894	56,217
Transfer from land held for property development (Note 9)	–	2,146
Less: Disposal during the financial year	(2,745)	(469)
Balance as at 31 December	55,149	57,894
Development costs		
Balance as at 1 January	6,479	6,035
Addition during the financial year	418	2,909
Transfer from land held for property development (Note 9)	–	595
Less: Disposal during the financial year	(582)	(177)
Over accrued of premium on land conversion	–	(2,883)
Balance as at 31 December	6,315	6,479
	61,464	64,373

14. INVENTORIES

	Group 2007 RM'000	Group 2006 RM'000
At cost		
Completed properties	6,024	6,024
Plants and shrubs	156	156
Food and beverages	10	10
	6,190	6,190

Certain completed properties amounting to approximately RM1,499,000 (2006: RM1,499,000) have been charged to secure term loan facility granted to the Group.

15. TRADE RECEIVABLES

The credit terms of trade receivables range from 30 to 60 days from date of invoice.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Other receivables	6,794	2,746	244	272
Deposits	605	390	19	19
Prepayments	148	154	11	35
	7,547	3,290	274	326

Included in other receivables of the Group at balance sheet date are the amount owing by third party of RM1,318,000 (2006: RM1,513,000) in respect of the disposal of the entire equity interest in an associate and the amount owing by a joint venture project of RM5,151,200 (2006:RM779,700) which represents share of profit for the joint venture project which are unsecured, interest-free and repayable upon completion of the joint venture project.

Included in the deposits of the Group is RM400,000 (2006:RM200,000) deposit paid to Tanco Land Sdn. Bhd. in acquiring six pieces of land in Mukim of Rasah, District of Seremban, Negeri Sembilan Darul Khusus.

17. AMOUNTS OWING BY SUBSIDIARIES

	Company 2007 RM'000	Company 2006 RM'000
Amounts owing by subsidiaries	186,369	195,954
Less: Allowance for doubtful debts	(46,131)	(45,350)
	140,238	150,604

The amounts owing by subsidiaries represent advances and payments made on behalf which are unsecured, interest-free and have no fixed terms of repayment except for amounts of approximately RM174 million (2006: RM184 million) which bear interest ranging from 0.2% to 0.6% (2006: 0.5% to 0.9%) per annum.

18. SHARE CAPITAL

	Group and Company 2007 Number of shares '000	2007 RM'000	2006 Number of shares '000	2006 RM'000
Ordinary shares of RM1.00 each:				
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid	267,107	267,107	267,107	267,107

18. SHARE CAPITAL (Continued)

18.1 There was no exercise by the registered holders of the warrants to subscribe for new ordinary shares in the Company during the financial year.

18.2 Upon issuance of the Redeemable Convertible Secured Loan Stocks ("RCLS"), as disclosed in Note 25 to the financial statements, the two Scheme Creditors have the rights to convert as at 31 December 2006, 11,625,449 RCLS at a conversion ratio of one (1) new ordinary share of RM1.00 each in the Company for every RM1.00 nominal value of RCLS as per terms and conditions stipulated under the loan stock agreement dated 13 March 2002.

18.3 The Employees' Share Option Scheme ("ESOS") of the Company was approved by the Securities Commission ("SC") on 1 November 2001 and subsequently approved by shareholders at an Extraordinary General Meeting on 15 January 2002. The ESOS shall be in force for a period of 5 years effective from 24 January 2002 to 23 January 2007.

On 26 December 2006, the Company has decided to extend its existing ESOS which is expiring on 23 January 2007 for another five (5) years effective from 24 January 2007 up to and including 23 January 2012.

The details of options granted to subscribe for shares which were outstanding as at 31 December 2007 are as follows:

		- Number of options over ordinary shares of RM1.00 each -			
Exercise period	**Subscription price RM**	**Balance as at 1.1.2007**	**Offered and accepted**	**Lapsed due to resignation**	**Balance as at 31.12.2007**
25.1.2002 - 23.1.2012	1.00	12,473,000	–	(3,402,000)	9,071,000
2.5.2002 - 23.1.2012	1.00	10,000	–	–	10,000
7.11.2002 - 23.1.2012	1.00	312,000	–	(312,000)	–
10.1.2003 - 23.1.2012	1.00	146,000	–	–	146,000
25.2.2004 - 23.1.2012	1.00	621,000	–	(55,000)	566,000
7.1.2005 - 23.1.2012	1.00	1,753,000	–	(1,043,000)	710,000
21.2.2005 - 23.1.2012	1.00	172,000	–	(32,000)	140,000
		15,487,000	–	(4,844,000)	10,643,000

The consideration is payable in full on application.

The salient features of the ESOS are as follows:

(i) the maximum number of ordinary shares to be issued and allotted by the Company under the ESOS as approved by the SC shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;

(ii) Executive Directors and eligible employees are those who have been confirmed in writing as employees of the Group on or prior to the date of the offer;

(iii) the option is personal to the grantee and shall not be transferred, assigned or disposed of by the grantee save and except in the event of the death of the grantee as provided under Bye-Law 14.6;

18. SHARE CAPITAL (Continued)

(iv) no offer shall be made to any executive director of the Company unless such offer and the related allotment of shares have previously been approved by the shareholders of the Company in general meeting;

(v) the subscription price at which the employees are offered to take up shares under the ESOS is either at a discount of not more than ten percent (10%) from the weighted average market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for five (5) market days immediately preceding the date of offer or at par value of the shares of the Company of RM1.00, whichever is higher;

(vi) the options granted may be exercised at any time within the option period and the option may be fully exercised after the acceptance under Bye-Law 10.1; and

(vii) the options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.

19. RESERVES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-distributable:				
Capital reserve arising from warrants issue	960	960	960	960
Distributable:				
Accumulated losses	(97,826)	(87,329)	(43,564)	(44,063)
	(96,866)	(86,369)	(42,604)	(43,103)

The Warrants issue relates to the balance of the amount from the issuance of 40,070,400 new warrants 2006/2011 at an issue price of RM0.10 per warrant under the Restructuring Scheme in previous years.

20. BORROWINGS (INTEREST BEARING)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current liabilities				
Term loans - secured				
- Al-Bai Bithaman Ajil loan	42,802	39,151	–	–
- Other term loans	46,066	42,419	2,514	3,407
	88,868	81,570	2,514	3,407
Bank overdraft - secured	243	529	243	529
Hire-purchase creditors	55	67	8	8
	89,166	82,166	2,765	3,944

20. BORROWINGS (INTEREST BEARING) (Continued)

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Non-current liabilities				
Hire-purchase creditors	60	115	2	10
	60	115	2	10
	89,226	82,281	2,767	3,954
Total borrowings				
Al-Bai Bithaman Ajil loan (Note 20.1)	42,802	39,151	–	–
Other term loans (Note 20.2)	46,066	42,419	2,514	3,407
Bank overdraft - secured (Note 20.3)	243	529	243	529
Hire-purchase creditors (Note 26)	115	182	10	18
	89,226	82,281	2,767	3,954

The maturity profile and the exposure of borrowings of the Group and of the Company as at balance sheet date (excluding hire-purchase liabilities) are as follows:

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Repayable as follows:				
Current liabilities:				
- not later than one year	89,111	82,099	2,757	3,936

Terms and debt repayment schedule

20.1 The Al-Bai Bithaman Ajil facility is repayable within 7 years from drawdown date and was due in full in 2003. Negotiation to restructure the facility has been ongoing and offer letters were received from the financial institution dated 30 August 2000, 6 June 2001 and 29 December 2004 respectively. The facility is now currently under negotiation with the financial institutions for settlement arrangements pending disposal of the development properties charged to the facility.

The total profit of the loan for the whole duration is RM11,759,634 (2006: RM11,759,634). Subsequent to 2003, the Group has accrued profit on the Al-Bai Bithaman Ajil facility of which during the financial year, an amount of approximately RM2.485 million (2006: RM2.485 million) was charged to the income statement.

The Al-Bai Bithaman Ajil facility is secured by way of legal charges over certain land held for property development of a subsidiary and corporate guarantee by the Company. The term loan is subject to a profit equivalent to yield rate of 9.13% (2006: 9.13%) per annum.

20. BORROWINGS (INTEREST BEARING) (Continued)

20.2 The other term loans comprise the following:-

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Term loan I	11,360	10,300	–	–
Term loan II	32,192	28,712	–	–
Term loan III	–	1,141	–	1,141
Term loan IV	2,514	2,266	2,514	2,266
	46,066	42,419	2,514	3,407

Term loans I and II were payable in full by 28 April 2006. Term loans I and II are now currently under negotiation with the financial institutions for settlement arrangements pending disposal of land held for property development and investment properties charged to the term loan I and II.

Term loan III was fully settled as at 31 December 2007. The properties charged have been discharged.

Term loan IV was payable in full as at 31 December 2006. Term loan IV is now currently under negotiation with the bank for settlement arrangement pending disposal of certain properties charged to term loan IV.

On 15 March 2007, the bank through its solicitor has served a writ of summon and statement of claims against the Company to recover term loan IV which has been in default.

No expected loss on major operational impact are anticipated from this claim as the Company's underlying securities for term loan IV is far in excess of the indebtedness amount.

These term loans with financial institutions are secured by way of charges on certain properties of the Company and a subsidiary. The interest rate charged ranges from 9.15% to 10.66% (2006: 8.75% to 9.70%) per annum.

20.3 The bank overdrafts of the Group and of the Company are secured by way of legal charge over certain properties of subsidiaries. The interest rate charged is 10.25% (2006: 10.25%) per annum.

21. DEFERRED TAX

(a) The deferred tax liabilities are made up of the following:

	Group 2007 RM'000	Group 2006 RM'000
Balance as at 31 January/31 December	2,732	2,732

(b) The movement of deferred tax liabilities during the financial year are as follows:

	Group 2007 RM'000	Group 2006 RM'000
Balance as at 1 January/31 December	2,732	2,732

(c) The components of deferred tax liabilities as at the end of the financial year comprise tax effect of:

	Group 2007 RM'000	Group 2006 RM'000
Fair value adjustments on revaluation of land	2,732	2,732

(d) The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet is as follows:

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Unutilised tax losses	125,869	114,454	24,149	24,149
Unabsorbed capital allowances	1,727	1,692	416	416
Impairment losses on land held for property development	39,527	39,527	–	–
Others	711	641	–	–
	167,834	156,314	24,565	24,565

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

22. TRADE PAYABLES

	Group 2007 RM'000	Group 2006 RM'000
Trade payables	669	408
Retention sum	204	204
	873	612

The credit terms of trade payables range from 30 to 60 days from date of invoice.

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Other payables	6,130	2,932	314	36
Accruals	13,242	13,519	1,261	2,099
Deposits	58	60	–	–
Amounts owing to corporate shareholders	614	649	–	–
Amounts owing to directors	1,479	1,590	840	292
	21,523	18,750	2,415	2,427

Included in other payables of the Group is third party loan which amounted to RM5,559,000 (2006: RM2,640,000) which are secured against the Group's landed properties, bear interest at the range of 0.9% to 2.6% (2006: 2%) per month and is repayable annually of each subsequent drawdown of each tranche.

Included in accruals are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Conversion premium to convert Seremban 3 land from agriculture land to residential and commercial land	7,253	7,253	–	–
Interest payable on Redeemable Convertible Secured Loan Stocks	273	1,261	273	1,261

The amounts owing to corporate shareholders represent advances and payments made on behalf which are unsecured, bear interest at 9.65% (2006: 9.65%) per annum and repayable upon demand.

The amounts owing to directors represent salaries payable and advances from directors which are unsecured, interest-free and repayable upon demand.

24. AMOUNTS OWING TO SUBSIDIARIES

The amounts owing to subsidiaries represent advances and payments made on behalf which are unsecured, interest-free and repayable upon demand.

25. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS

	Group and Company	
	2007	**2006**
	RM'000	**RM'000**
Balance as at 1 January	11,625	11,625
Repayments during the financial year	(8,184)	–
Balance as at 31 December	3,441	11,625

The Redeemable Convertible Secured Loan Stocks ("RCLS") have been issued to the Scheme Creditors on 13 March 2002 pursuant to the Schemes of Arrangement of the Restructuring Scheme in 2002.

The Schemes of Arrangement comprise, inter alia, the following main features:

(a) The issuance of 36,935,860 8% 5-year RCLS by the Company to two of the Scheme Creditors on the basis of RM1.00 of debt for RM1.00 in nominal value of RCLS. The RCLS issued is conditional upon a Put and Call Options Agreement between a substantial shareholder, Maymerge (M) Sdn. Bhd. ("Maymerge") with the two Scheme Creditors; and

(b) Rescheduling the terms of repayment of the debt outstanding with the third Scheme Creditor which is not participating in the RCLS Issue.

Maymerge entered into the Put and Call Options Agreement with these Scheme Creditors on 13 December 2001. Y. Bhg. Dato' Abdul Mokhtar Ahmad, Y. Bhg. Dato' Shun Leong Kwong and Y. Bhg. Datin Mariam Eusoff, who are also Directors and substantial shareholders of Maymerge are deemed to have interests in the RCLS issued by virtue of the Put and Call Options.

The two Scheme Creditors entered into a Loan Stocks Agreement with the Company on 13 December 2001 for the RCLS Loan Covenant. The Loan Stocks Agreement has imposed, inter alia, the following covenants to the Company:

(a) The Company should procure that, except with the written consent of the Scheme Creditors and so long as any of the RCLS remains outstanding, neither the Company nor its subsidiaries will borrow any sum or sums if the borrowings thereof would have the effect that the total borrowings exceed or would exceed one point two five (1.25) times the amount of Shareholders' Funds of the Group as disclosed by the latest Group balance sheet.

(b) The Company may declare dividends provided such dividends declared shall not exceed 30% of the profit after tax of the Group for that financial year on a non-cumulative basis as reflected in its latest audited financial statements, and there are no losses reported for that financial year and no overdue interest which is unpaid on any of the RCLS pursuant to the Agreement.

25. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (Continued)

The RCLS have the following salient features:

(a) Prior to conversion of the RCLS to ordinary shares or their redemption, the holders of the RCLS will be entitled pari passu to interest at 8.0% per annum payable semi-annually.

(b) Conversion rights

Each registered holder of the RCLS shall have a right to convert at the Conversion Ratio such amount of RCLS into fully paid-up ordinary shares in the Company on the basis of RM1.00 in nominal value of RCLS for one (1) new ordinary share of RM1.00 each in the Company at any time during the conversion period.

The new ordinary shares to be issued from the conversion of the RCLS shall rank pari passu with all existing ordinary shares of the Company.

Unless converted, the RCLS will be redeemable in accordance with the terms set out below.

(c) Redemption of RCLS

The RCLS will be redeemable in part or in full at the option of the Company from the date of issue. In any event, any RCLS not redeemed or converted within two (2) years from the date of issue will be redeemable by the Company on the following basis:

End of year	Redemption Ratio of RCLS Issued
3	20%
4	30%
5	50%

In determining the number of RCLS to be redeemed at the end of the respective anniversary, the Company shall take into account the number of RCLS exercised under the Put and Call Options, converted or redeemed up to the end of the period.

(d) Where the Company redeems only part of the RCLS outstanding whether at its option at any time during the redemption period or on the basis set out above after the lapse of two (2) years from the date of issue, the number of RCLS redeemed from each holder shall apply in proportion to the holding of each RCLS holder.

As at 31 December 2007, none of the 11,625,449 RCLS of RM1.00 each have been converted into ordinary shares of the Company.

On 13 March 2007, the Company has defaulted on its principal and interest obligation to its RCLS holder amounting to RM3,713,487. The RCLS are currently under negotiation with the holder for settlement arrangement and on 11 April 2007 settlement has been agreed for revised repayment schedule to be made in 3 tranches of RM1.2 million each on 30 June 2007, 30 September 2007 and 31 December 2007.

On 28 January 2008, the Company wrote to RCLS holder for further extension of time as the Company is in negotiation to sell all the securities pledged to RCLS holder which the market value of the securities are in excess of the total outstanding due to RCLS holder.

26. HIRE-PURCHASE CREDITORS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Minimum hire-purchase payments:				
- not later than one year	70	82	11	11
- later than one year and not later than five years	75	145	2	13
	145	227	13	24
Less: Future interest charges	(30)	(45)	(3)	(6)
Present value of hire-purchase and liabilities	115	182	10	18
Repayable as follows:				
Current liabilities				
- not later than one year	55	67	8	8
Non-current liabilities:				
- later than one year and not later than five years	60	115	2	10
	115	182	10	18

27. REVENUE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Sale of properties	27,092	17,827	–	–
Dividend income	–	–	–	9,555
Management fees	86	89	18	18
Income from recreational facilities	734	727	–	–
	27,912	18,643	18	9,573

28. COST OF SALES

	Group	
	2007 RM'000	2006 RM'000
Cost of properties sold	22,650	14,435
Cost of services	915	1,012
	23,565	15,447

29. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
(Loss)/Profit before tax is arrived at after charging:				
Allowance for doubtful debts	3	–	781	1,094
Auditors' remuneration				
- current year	68	60	18	18
- under provision in prior year	–	1	–	–
Bad debts written off	9	–	–	–
Directors' remuneration				
- fees	30	30	30	30
- emoluments other than fees	2,025	2,039	180	181
Depreciation of property, plant and equipment:-				
- the Group/Company	347	424	104	145
- joint venture	12	7	–	–
Deferred liability charges (Note 20.1)	2,485	2,485	–	–
Interest expenses on:				
- Redeemable Convertible Secured Loan Stocks	404	930	404	930
- term loans	4,825	4,384	285	273
- bank overdrafts	47	90	47	90
- hire-purchase	15	25	3	5
- other loans	1,469	939	–	10
Property, plant and equipment written off	8	12	–	–
Rental expense payable to:				
- certain directors	25	26	–	–
- others	292	264	–	–
Rental of equipment	5	5	–	–
Impairment of investment in subsidiaries	–	–	194	113
Loss on disposal of investment properties	252	–	–	–
Loss on disposal of an associate	–	400	–	–
Loss on disposal of property, plant and equipment	21	–	21	–
And crediting:				
Debts recovered from associate	–	–	195	–
Dividend income received from an associate	–	–	–	9,555
Interest income:				
- from subsidiaries	–	–	885	1,267
- others	68	137	–	–
Management fee receivable from subsidiaries	–	–	18	18
Rental income on buildings	101	158	–	–
Gain on disposal of investment properties	–	677	–	677
Gain on disposal of property, plant and equipment	–	61	–	61
Gain on disposal of an associate	–	–	–	2,541

The estimated monetary value of benefit-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM125,509 and RM125,509 (2006: RM140,765 and RM140,765) respectively.

30. TAX (INCOME)/EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current year tax expense	–	–	–	2,936
Over provision in prior years	(3,831)	–	(2,936)	(444)
	(3,831)	–	(2,936)	2,492

Income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated taxable profit for the fiscal year. The statutory tax rate will be reduced to 26% from the current year's rate of 27% for the fiscal year of assessment 2008 and to 25% for the fiscal year of assessment 2009 onwards. The computation of deferred tax as at 31 December 2007 has reflected these changes.

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

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Applicable tax rate	(27)	(28)	(27)	28
Non-allowable expenses	7	6	37	8
Movement of deferred tax assets not recognised	22	34	–	–
Utilisation of previously unrecognised deferred tax assets	–	(5)	–	(5)
Non-taxable income	(2)	(7)	(10)	–
Over provision in prior years	(27)	–	(120)	(5)
	(27)	–	(120)	26

Tax savings of the Group and of the Company are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Arising from				
- utilisation of tax losses brought forward	1	2,286	–	2,285
- utilisation of capital allowance	–	18	–	18

Subject to agreement of the Inland Revenue Board, the Company has unutilised tax losses and unabsorbed capital allowances of approximately RM24,149,000 and RM416,000 (2006: RM24,149,000 and RM416,000) respectively which are available for set off against future taxable income.

31. LOSS PER SHARE

(a) Loss per ordinary share

Loss per ordinary share of the Group is calculated by dividing the net loss for the financial year of approximately RM10,497,000 (2006: RM9,549,000) by the number of ordinary shares in issue during the financial year of approximately 267,107,000 (2006: 267,107,000).

	Group	
	2007	2006
Net loss for the financial year (RM'000)	10,497	9,549
Number of ordinary shares ('000)	267,107	267,107
Loss per ordinary share (sen)	3.93	3.57

(b) Diluted loss per share

Under the FRS 133 on Earnings Per Share, the warrants of 40,070,400 issue (Note 18.1), exercise or options over shares under Employees' Share Option Scheme (Note 18.3) and the assumed conversion from the Redeemable Convertible Secured Loan Stock (Note 25) would be antidilutive, and the diluted loss per share figures are therefore not shown.

32. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash and bank balances	670	883	49	7
Bank overdrafts	(243)	(529)	(243)	(529)
	427	354	(194)	(522)

33. SEGMENT INFORMATION

Business segments

The Group's operations comprise the following business segments:

Property development	:	Development of residential and commercial properties.
Project management and investment holding	:	Investment holding, letting out of properties and provision for management services.
Credit, leasing and trading	:	Licensed money lender and insurance agent, undertaking of landscaping projects and turf farming, and operating recreational facilities.

33. SEGMENT INFORMATION (Continued)

	Project management and investment holding 2007 RM'000	Project management and investment holding 2006 RM'000	Property development 2007 RM'000	Property development 2006 RM'000	Credit, leasing and trading 2007 RM'000	Credit, leasing and trading 2006 RM'000	Eliminations 2007 RM'000	Eliminations 2006 RM'000	Consolidation 2007 RM'000	Consolidation 2006 RM'000
Business segments										
Revenue from external customers	86	89	27,092	17,827	734	727	–	–	27,912	18,643
Inter-segment revenue	18	9,573	–	–	1	2	(19)	(9,575)	–	–
Total revenue	104	9,662	27,092	17,827	735	729	(19)	(9,575)	27,912	18,643
Segment results	(2,832)	(2,910)	(1,515)	(4,472)	(804)	(801)	–	–	(5,151)	(8,183)
Interest expense									(9,245)	(8,853)
Interest income									68	137
Share of profit of associate	–	–	–	7,350	–	–	–	–	–	7,350
Loss before tax									(14,328)	(9,549)
Tax income									3,831	–
Net loss for the financial year									(10,497)	(9,549)
Segment assets	21,979	19,640	265,290	276,082	767	1,016	–	–	288,036	296,738
Total assets									288,036	296,738
Segment liabilities	9,232	18,601	108,289	97,240	274	159	–	–	117,795	116,000
Capital expenditure	6	139	18	54	13	13	–	–	37	206
Depreciation	104	146	113	143	142	142	–	–	359	431
Property, plant and equipment written off	–	–	–	–	8	12	–	–	8	12

34. CONTINGENT LIABILITIES - SECURED

	Company 2007 RM'000	Company 2006 RM'000
Guarantee and contingencies relating to borrowings of subsidiaries	85,940	77,748

35. CAPITAL COMMITMENTS

	Group 2007 RM'000	Group 2006 RM'000
Capital expenditure in respect of purchase of land held for property development		
Contracted but not provided for	15,590	15,590

36. RELATED PARTIES DISCLOSURE

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

(b) Significant related party transactions and balances

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Transaction value				
Advances to Maymerge (M) Sdn. Bhd.	35	1,821	–	–
Interest payable to Maymerge (M) Sdn. Bhd.	38	182	–	–
Interest on Redeemable Convertible Secured Loan Stock payable to Maymerge (M) Sdn. Bhd.	129	655	129	655
Purchase of property, plant and equipment from companies in which certain Directors' have financial interest				
- Pakatan Laksana (M) Sdn. Bhd.	–	50	–	50
- Pelangi Citapadu (M) Sdn. Bhd.	–	60	–	60
- Tanjung Alam Sdn. Bhd.	–	20	–	20
- Capital Sanctuary Sdn. Bhd.	–	35	–	–
Subsidiaries				
Management fees receivable from Seremban 3 Paradise Valley Golf Resort Sdn. Bhd.	–	–	18	18
Interest income from:-				
- Temeris Holdings Sdn. Bhd.	–	–	62	154
- Temeris Resorts Development Sdn. Bhd.	–	–	36	90
- Menang Development (M) Sdn. Bhd.	–	–	787	1,023
Disposal of investment properties to:-				
- Menang Development (M) Sdn. Bhd.	–	–	–	93,805
Associate				
Dividend income from Hicom Menang Properties Sdn. Bhd.	–	–	–	9,555

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

36. RELATED PARTIES DISCLOSURE (Continued)

(b) Significant related party transactions and balances (Continued)

The relationship between the Group and the related parties, other than those disclosed elsewhere in the financial statements are as follows:

(i) Substantial shareholder of the Company, Titian Hartanah (M) Sdn. Bhd. (affiliated company)

(ii) Holding company of the substantial shareholder, Maymerge (M) Sdn. Bhd.

The shareholders of the Company had approved the renewal of general mandate at Annual General Meeting held on 30 June 2007 for substantial property transactions involving Directors under Section 132E of the Companies Act, 1965.

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Balance outstanding				
Advances owing to Maymerge (M) Sdn. Bhd.	613	649	–	–
Subsidiary companies				
- Advances owing to	–	–	8,078	8,129
- Advances owing by	–	–	186,369	195,954
Directors				
- remuneration, fees and advances	1,479	1,590	840	292

(c) Compensation of key management personnel

The remuneration of key management personnel during the financial year was as follows:

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Directors' remuneration other than fees	2,025	2,039	180	181

37. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Board of Directors recognises the importance of financial risk management in the overall management of the Group's businesses. A sound risk management system will not only mitigate financial risk but will also be able to create opportunities if risk elements are properly managed.

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising potential adverse effects on the performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies, which are set out as follows:

(i) Liquidity risk

The Group is actively managing its operating cash flow to suit the debt maturity profile so as to ensure all commitments and funding needs are met. As part of the overall liquidity management, it is the Group's policy to ensure continuity in servicing its cash obligations in the future by way of measures and forecasts its cash commitments and to maintain sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the Group also maintains credit facilities sufficient to meet its operational needs.

(ii) Credit risk

There were no significant concentrations of credit risk.The maximum exposure to credit risk for the Group and the Company was represented by the carrying amount of each financial asset.

In respect of the deposits, cash and bank balances placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

(iii) Interest rate risk

The Group and the Company has no interest bearing financial liabilities, except for the secured term loans and Redeemable Convertible Secured Loan Stocks, bank overdraft facilities and amount owing to corporate shareholders and subsidiary companies as disclosed in the financial statements.

Interest rates on Redeemable Convertible Secured Loan Stocks and amount due to corporate shareholders is fixed. Those for term loans and bank overdraft, interest rate vary with reference to the base lending rate of the financial institutions.

Interest earning financial assets of the Company is mainly amounts due by subsidiaries that attract interest income. However, the fluctuation in interest rate, if any, is not expected to have a material impact on the results of the Company.

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

37. FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk management objectives and policies (Continued)

(iii) Interest rate risk (Continued)

Group At 31 December 2007	Note	Weighted average annual effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2- 3 years RM'000	3 - 4 years RM'000	Total RM'000
Fixed rates							
Hire-purchase and lease creditors	26	7.74	55	47	13	–	115
Floating rates							
Al-Bai Bithaman Ajil loan	20	9.13	42,802	–	–	–	42,802
Secured term loans	20	9.15 - 10.65	46,066	–	–	–	46,066
Advances from corporate shareholder	23	9.65	614	–	–	–	614
Secured overdraft	20	10.25	243	–	–	–	243
Redeemable Convertible Secured Loan Stocks	25	8.00	3,441	–	–	–	3,441
At 31 December 2006							
Fixed rates							
Hire-purchase and lease creditors	26	7.88	67	55	47	13	182
Floating rates							
Al-Bai Bithaman Ajil loan	20	9.13	39,151	–	–	–	39,151
Secured term loans	20	8.75 - 9.70	42,419	–	–	–	42,419
Advances from corporate shareholder	23	9.65	649	–	–	–	649
Secured overdraft	20	10.25	529	–	–	–	529
Redeemable Convertible Secured Loan Stocks	25	8.00	11,625	–	–	–	11,625

37. FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk management objectives and policies (Continued)

(iii) Interest rate risk (Continued)

Company At 31 December 2007	Note	Weighted average annual effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2- 3 years RM'000	3 - 4 years RM'000	Total RM'000
Fixed rates							
Hire-purchase and lease creditors	26	8.55	8	2	–	–	10
Floating rates							
Advance to subsidiary companies	17	0.20 - 0.60	174,000	–	–	–	174,000
Secured term loans	20	9.25 -9.40	2,514	–	–	–	2,514
Secured overdraft	20	10.25	243	–	–	–	243
Redeemable Convertible Secured Loan Stocks	25	8.00	3,441	–	–	–	3,441
At 31 December 2006							
Fixed rates							
Hire-purchase and lease creditors	26	8.40	8	8	2	–	18
Floating rates							
Advance to subsidiary companies	17	0.50 - 0.90	184,000	–	–	–	184,000
Secured term loans	20	8.75 - 9.7	3,407	–	–	–	3,407
Secured overdraft	20	10.25	529	–	–	–	529
Redeemable Convertible Secured Loan Stocks	25	8.00	11,625	–	–	–	11,625

37. FINANCIAL INSTRUMENTS (Continued)

(b) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company as at balance sheet date approximate their fair values due to the relatively short term maturity of the financial instruments.

The following methods and assumptions are used to determine the fair value of financial instruments:

(i) The carrying amounts of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.

(ii) The fair values of quoted investment is based on quoted market prices at the balance sheet date.

(iii) The fair values of the financial liabilities are estimated by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

38. MATERIAL LITIGATION

On 25 July 2006, the Group received a writ of summons dated 11 January 2006. The Plaintiff, Pasar Parit Berhad has instituted the legal action against the Company's subsidiary, Maztri Padu Sdn. Bhd. ("Defendant") for the losses sustained due to failure of the Plaintiff in obtaining individual strata title as todate.

The case was transferred to the High Court at Shah Alam and the matter is still pending for hearing to be fixed on a later date.

No provision has been made for the above matter as the Directors are of the opinion that the Group's chance for success in respect of the case is good.

Meanwhile the Group is in the progress of application for sub-division and the issue of strata titles.

39. EMPLOYEE BENEFITS

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Directors' remuneration other than fees	2,025	2,039	180	181
Salaries and wages	2,523	2,882	652	663
Defined contribution plan	257	331	75	83
Other employee benefits	258	430	72	100
	5,063	5,682	979	1,027

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 9 October 2002, Menang Development (M) Sdn. Bhd. ("MDSB") entered into a Sale and Purchase Agreement with Tanco Land Sdn. Bhd. ("TLSB") to dispose 18 parcels of shoplots in Mukim of Rasah, District of Seremban, Negeri Sembilan Darul Khusus for a total cash consideration of RM6.84 million. A sum of RM50,000 was received on the execution of agreement.

On 9 October 2002, MDSB entered into a Sale and Purchase Agreement with TLSB to acquire three pieces of land in Mukim of Rasah, District of Seremban, Negeri Sembilan Darul Khusus measuring approximately 28.68 acres for a total cash consideration of RM6.84 million. A sum of RM50,000 was paid on the execution of agreement.

On 9 October 2002, Pelangi Citapadu (M) Sdn. Bhd. ("PCSB") entered into a Sale and Purchase Agreement with TLSB to acquire six pieces of land in Mukim of Rasah, District of Seremban, Negeri Sembilan Darul Khusus measuring approximately 40.10 acres for a total cash consideration of RM9.00 million including accrued interest.

The above Sale and Purchase Agreements are inter-conditional and to be completed simultaneously.

However, on 2 June 2005, MDSB entered into a Novation Agreement ("the said Novation Agreement") with TLSB and PCSB to novate the Sales and Purchase Agreement dated 9 October 2002 from PCSB to MDSB.

On 30 December 2005, MDSB entered into a Supplemental Agreement ("the said Supplemental Agreement") with TLSB and PCSB to extend the completion date of the said Novation Agreement for three (3) months commencing from:

(a) the validation order being obtained from the High Court under section 176(10C) of the Companies Act, 1965 for the said Novation Agreement and the said Supplemental Agreement; or

(b) the restraining order granted by High Court under section 176(10) of the Companies Act, 1965 to TLSB lapses;

whichever shall be earlier provided always that the period in which item (a) or (b) occurs shall be within six (6) months from 30 December 2005 that is the date of the said Supplemental Agreement.

On 30 June 2006, the restraining order has lapsed and pursuant to the said Supplemental Agreement, the completion date was 30 September 2006. However, on 9 April 2007, MDSB entered into a Second Supplemental Agreement to extend its completion date from 1 October 2006 to 31 March 2008.

On 18 April 2008, TLSB agreed to extend its completion date from 31 March 2008 to 30 September 2008 pending completion of conditions precedent.

(ii) On 27 February 2007, the Company disposed of its equity interest of 490,000 ordinary shares of RM1.00 each in Menang Construction (M) Sdn. Bhd., representing 49% of the issued and paid-up capital for a total cash consideration of RM392,861. Subsequently, on 12 November 2007, the Company had reacquired the 49% of the issued and paid-up capital of Menang Construction (M) Sdn. Bhd. for a cash consideration of RM392,861.

List of Properties Held

As at 31 December 2007

Location	Tenure	Area (Approximately)	Existing Usage/ Description	Age of Buildings	Net Book Value RM'000	Year of Acquisition/ Revaluation
Geran No. 27973 Lot No. 2596 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold Land	53,413 sf	Vacant Industrial Land for Future Development	N/A	461	1998
Geran No. 27974 Lot No. 2597 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold Land	55,347 sf	Vacant Industrial Land for Future Development	N/A	481	1998
Geran No. 27975 Lot No. 2615 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold Land	72,473 sf	Vacant Industrial Land for Future Development	N/A	541	1998
Geran No. 27976 Lot No. 2616 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold Land	63,516 sf	Vacant Industrial Land for Future Development	N/A	521	1998
Geran No. 27917 Lot No. 48 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold Land	82.90 acres	Vacant Industrial Land for Future Development	N/A	17,515	1998
HSD 97332 PT 25008 Mukim of Klang Daerah Klang Selangor Darul Ehsan	Leasehold 99 Years Expiry date - 2103	27.86 acres	Vacant Industrial Land for Future Development	N/A	2,516	1998
HSD 97333 PT 50718 Mukim of Klang Daerah Klang Selangor Darul Ehsan	Leasehold 99 Years Expiry date - 2103	41.25 acres	Vacant Industrial Land for Future Development	N/A	3,726	1998
Geran No. 21944 Lot No. 20 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	Freehold Land	46.50 acres	Vacant Industrial Land for Future Development	N/A	4,856	1998
Lot No. 663, GM 3689 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	Freehold Land	10.38 acres	Vacant Industrial Land for Future Development	N/A	1,086	1998
Lot No. 889, GM 3690 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	Freehold Land	10.13 acres	Vacant Industrial Land for Future Development	N/A	1,058	1998

Location	Tenure	Area (Approximately)	Existing Usage/ Description	Age of Buildings	Net Book Value RM'000	Year of Acquisition/ Revaluation
Lot 237, GM 583 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	4.20 acres	Vacant Service Apartments Land for Future Development	N/A	5,000	1998
Lot 1279, CT 6441 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	3.93 acres	Vacant Hotel Resort Land for Future Development	N/A	4,673	1998
665 & 666 Jalan RJ 1/15 Rasah Jaya 70300 Seremban Negeri Sembilan Darul Khusus	Freehold Land	3,600 sf	3 1/2 Storey Office Lots	25 years	368	1998
92 units of Market Stalls Mukim of Rasah, Seremban	Freehold Land	12,511 sf	Vacant Market Stalls	21 years	250	1998
24 units of 3 Storey Office Mukim of Rasah, Seremban	Freehold Land	43,758 sf	Office Lots For Rental	10 years	5,774	1998
Rasah Jaya Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	Freehold Land	6.29 acres	On Going Mixed Development Land	N/A	13,297	1998
Seremban 3 Various subdivided lots Negeri Sembilan Darul Khusus	Freehold Land	563 acres	On Going Mixed Development Land	N/A	192,563	2001
Lot 868, Geran 17863 Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	Freehold Land	2.51 acres	Residential Development Land	N/A	753	2002
Lot 1570, Geran 3890 Mukim of Rantau, Seremban Negeri Sembilan Darul Khusus	Freehold Land	64.84 acres	Agricultural Land	N/A	5,101	2004
Lot 776, GM 33 Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	Freehold Land	11.75 acres	Vacant Commercial Land	N/A	7,601	2004
Lot 9555 & 9556, HS (D) 125699 & 125700 Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	Freehold Land	9.93 acres	Agricultural Land	N/A	1,729	2005
Lot 661, Geran No 587 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	44,100 sf	Agricultural Land	N/A	1,129	2004
Lot 996, Geran No 591 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	87,121 sf	Agricultural Land	N/A	2,230	2004

ANALYSIS OF SHAREHOLDINGS AS AT 5 MAY 2008

SHARE CAPITAL

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Paid-Up Capital	:	RM267,107,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	%	No. of Shares of RM1.00 each	%
Less than 100	159	0.81	2,088	0.00
100 to 1,000	10,102	51.44	5,205,851	1.95
1,001 to 10,000	7,712	39.27	28,385,831	10.63
10,001 to 100,000	1,484	7.55	45,447,100	17.01
100,001 to 13,355,349	182	0.93	92,144,200	34.50
13,355,350* and above	1	0.00	95,921,930	35.91
	19,640	**100.00**	**267,107,000**	**100.00**

* 5% of issued shares = 13,355,350

SUBSTANTIAL SHAREHOLDERS (Excluding bare trustee)
(As per Register of Substantial Shareholders)

Name	Direct No. of Shares Held		%	Indirect No. of Shares Held		%
Dato' Abdul Mokhtar Ahmad	–		–	95,945,130	*	35.92
Dato' Shun Leong Kwong	9,400		0.00	95,945,130	*	35.92
Datin Mariam Eusoff	4,200		0.00	95,945,130	*	35.92
Maymerge (M) Sdn Bhd	1,200		0.00	95,943,930	+	35.92
Titian Hartanah (M) Sdn Bhd	95,943,930	@	35.92	–		–

* Indirect interest through Maymerge (M) Sdn Bhd (257143-M) and Titian Hartanah (M) Sdn Bhd (271634-U) by virtue of Section 6A(4)(c) of the Companies Act, 1965

\+ Indirect interest through Titian Hartanah (M) Sdn Bhd (271634-U) by virtue of Section 6A (4)(c) of the Companies Act, 1965

@ Included in this figure, 95,921,930 shares held by bare trustee, AMSEC Nominees (Tempatan) Sdn Bhd (102918-T)

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

Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
Dato' Abdul Mokhtar Ahmad in				
The Company	–	–	95,945,130 *	35.92
Maymerge (M) Sdn Bhd	118,977,400	20.00	–	–
Titian Hartanah (M) Sdn Bhd	–	–	1,000,000	100.00
Dato' Shun Leong Kwong in				
The Company	9,400	0.00	95,945,130 *	35.92
Maymerge (M) Sdn Bhd	267,699,150	45.00	–	–
Titian Hartanah (M) Sdn Bhd	–	–	1,000,000	100.00
Datin Mariam Eusoff in				
The Company	4,200	0.00	95,945,130 *	35.92
Maymerge (M) Sdn Bhd	208,210,450	35.00	–	–
Titian Hartanah (M) Sdn Bhd	–	–	1,000,000	100.00
Dr. Christopher Shun Kong Leng, CFP®, RFP™ in The Company	3,000	0.00	–	–
Too Kok Leng	–	–	–	–
Chiam Tau Meng	–	–	–	–

* Indirect interest through Maymerge (M) Sdn Bhd (257143-M) and Titian Hartanah (M) Sdn Bhd (271634-U) by virtue of Section 6A(4)(c) of the Companies Act, 1965

THIRTY LARGEST SHAREHOLDERS AS AT 5 MAY 2008

	Name	No. of Shares	%
1.	AMSEC Nominees (Tempatan) Sdn Bhd *AmBank (M) Berhad for Titian Hartanah (M) Sdn Bhd*	95,921,930	35.91
2.	OSK Nominees (Tempatan) Sdn Berhad *Pledged Securities Account for Foremillion (M) Sdn Bhd*	9,242,800	3.46
3.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Kheng Peow*	7,150,000	2.68
4.	Tan Shoo Li	3,063,800	1.15
5.	Lim Seng Chee	3,022,900	1.13
6.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Azam Nusa Sdn Bhd*	2,792,900	1.05
7.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Kheng Peow (CEB)*	2,367,000	0.89
8.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kek Lian Lye*	2,177,700	0.82
9.	BHLB Trustee Berhad *Exempted - Trust Acount for EPF Investment for Member Savings Scheme*	2,023,600	0.76
10.	Continuum Sanctuary Commercial Sdn Bhd	2,000,000	0.75
11.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dorothy Ng Siew May*	1,874,000	0.70
12.	Toh May Fook	1,800,000	0.67
13.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Toh May Fook*	1,300,000	0.49
14.	Citigroup Nominees (Asing) Sdn Bhd *UBS AG Hong Kong for Yellow Gold Enterprise Inc*	1,130,000	0.42
15.	M.I.T Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lau Hock Lee (MG0035-222)*	1,100,000	0.41
16.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Liew Choon Guan @ Liew Soon Guan (MQ0026)*	1,009,000	0.38
17.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Kheng Peow*	1,000,000	0.37
18.	Chan May Yoong	1,000,000	0.37
19.	Harasa Abadi Sdn Bhd	1,000,000	0.37
20.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for See Thoo Chan*	1,000,000	0.37
21.	Chua Khin Eng	955,100	0.36
22.	CIMSEC Nominees (Asing) Sdn Bhd *Exempt An For CIMB-GK Securities Pte Ltd (Retail Clients)*	904,000	0.34
23.	AIBB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Kie Yik*	900,000	0.34
24.	Ho Tau Tai	795,400	0.30
25.	Pakatan Laksana Commercial Sdn Bhd	793,500	0.30
26.	OSK Nominees (Tempatan) Sdn Berhad *Pledged Securities Account for Yap Kwok Ming*	760,000	0.28
27.	AIBB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Choo Tad*	730,700	0.27
28.	HLG Nominee (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	712,200	0.27
29.	AIBB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Low Kong Teck*	700,000	0.26
30.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Joseph Thong Sing Choy*	680,000	0.25
		149,906,530	**56.12**

ANALYSIS OF WARRANT HOLDINGS AS AT 5 MAY 2008

No. of Warrrants	:	40,070,400
Exercise Rights	:	Each Warrant entitles the holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company
Exercise Period	:	16 October 2001 to 15 October 2011
Exercise Price	:	The Exercise Price of each Warrant is RM1.00 for one (1) new ordinary share of RM1.00 each in the Company

DISTRIBUTION OF WARRANT HOLDERS

Size of Warrant holdings	No. of Holders	%	No. of Warrants	%
Less than 100	1	0.08	69	0.00
100 to 1,000	437	32.88	377,032	0.94
1,001 to 10,000	583	43.87	3,070,899	7.66
10,001 to 100,000	282	21.22	9,287,500	23.18
100,001 to 2,003,519	25	1.88	5,939,900	14.82
2,003,520 * and above	1	0.07	21,395,000	53.40
	1,329	**100.00**	**40,070,400**	**100.00**

* 5% of Warrants = 2,003,520

DIRECTORS' INTEREST IN WARRANT

Name	Direct No. of Warrants Held	%	Indirect No. of Warrants Held	%
Dato' Abdul Mokhtar Ahmad	–	–	–	–
Dato' Shun Leong Kwong	–	–	–	–
Datin Mariam Eusoff	–	–	–	–
Dr. Christopher Shun Kong Leng, CFP®, RFP™	–	–	–	–
Too Kok Leng	–	–	–	–
Chiam Tau Meng	–	–	–	–

THIRTY LARGEST WARRANT HOLDERS AS AT 5 MAY 2008

	Name	No. of Warrants	%
1.	OSK Nominees (Tempatan) Sdn Berhad *Pledged Securities Account for Foremillion (M) Sdn Bhd*	21,395,000	53.39
2.	Tang Kee Hiong	1,200,200	3.00
3.	Davinder Kaur A/P Gurcharan Singh	575,500	1.44
4.	AIBB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kek Lian Lye*	394,500	0.98
5.	Bok Tai Sang	311,800	0.78
6.	Pakatan Laksana Commercial Sdn Bhd	233,300	0.58
7.	Lim Boon Leong	230,000	0.57
8.	Lee Chin Ling	200,000	0.50
9.	Lee See Sin @ Lim See Sin	199,000	0.50
10.	Perbadanan Kemajuan Negeri Selangor	199,000	0.50
11.	Tan Shoo Li	198,400	0.50
12.	Tan Saw Ean	179,800	0.45
13.	Chai Chun Leong	165,000	0.41
14.	HLG Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Yap Soon Nam*	164,000	0.41
15.	Wong Chee Hoong	161,200	0.40
16.	Kwek Meng Huat	156,000	0.39
17.	Perbadanan Kemajuan Negeri Selangor	154,000	0.38
18.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chia Hong @ Gan Chia Hong*	150,000	0.37
19.	Perbadanan Kemajuan Negeri Selangor	147,000	0.37
20.	Ooi Chieng Sim	140,000	0.35
21.	Tan Su Lam	140,000	0.35
22.	Tang Huat Wong	138,000	0.34
23.	Abdul Aziz Bin Mohd Hassan	133,200	0.33
24.	Chai Chun Leong	130,000	0.32
25.	Mok Bi Wan	130,000	0.32
26.	SJ SEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sim Ming Joo (SMT)*	110,000	0.27
27.	Chan Moon Thiam	100,000	0.25
28.	Foo Sai	100,000	0.25
29.	Goh Kheng Peow	100,000	0.25
30.	Khoo Ghee Hian	100,000	0.25
	Total	**27,734,900**	**69.22**

Menang Corporation (M) Berhad (5383-K)
Incorporated in Malaysia

PROXY FORM

I/We ....
(Full Name in Capital Letters)

of ....
(Full Address)

being a member(s) of **MENANG CORPORATION (M) BERHAD** hereby appoint ....

.... NRIC No. ....
(Full Name in Capital Letters)

of ....
(Full Address)

or failing him the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Forty Fourth Annual General Meeting of the Company to be held at Meeting Room, Kelab Sultan Sulaiman, Jalan Dewan Sultan Sulaiman, 50300 Kuala Lumpur on Monday, 30 June 2008 at 10.00 a.m. and at any adjournment thereof.

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

Resolutions	**Ordinary Business**	**For**	**Against**
Ordinary Resolution 1	Adoption of Audited Financial Statements and Reports		
Ordinary Resolution 2	Approval of Directors' Fees		
Ordinary Resolution 3	Re-election of Dato' Shun Leong Kwong as Director pursuant to Article 112		
Ordinary Resolution 4	Re-election of Too Kok Leng as Director pursuant to Article 112		
Ordinary Resolution 5	Re-appointment of Messrs BDO Binder as the Company's Auditors		
	Special Business		
Ordinary Resolution 6	Authorisation to issue shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 7	Proposed renewal of General Mandate for Substantial Property Transactions involving Directors pursuant to Section 132E of the Companies Act, 1965		

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

Dated this .... day of.. 2008

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

Number of Shares Held

(* Delete if not applicable)

NOTES:

(1) A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(2) The Proxy form must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of a duly authorised officer or attorney.

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

(4) Any alteration to the instrument appointing a proxy must be initialed. The instrument appointing a proxy must be deposited at the Company's Registered Office at 8th Storey, South Block, Wisma Selangor Dredging, 142-A Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time fixed for the meeting or any adjournment thereof.

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Stamp

The Company Secretary
Menang Corporation (M) Berhad (5383-K)
Box #2, Wisma Selangor Dredging
8th Storey, South Block
142-A Jalan Ampang
50450 Kuala Lumpur

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