Annual Report 2008

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
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: (603) 2264 3883
Fax: (603) 2282 1886

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
United Overseas Bank (Malaysia) Bhd

SOLICITORS

Cheah Teh & Su
L-3-1, No. 2 Jalan Solaris
Solaris Mont' Kiara
50480 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 of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty Fifth (45th) 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 Tuesday, 30 June 2009 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 2008. ***(Ordinary Resolution 1)***

2. To approve the payment of Directors' fees of RM30,000.00 for the financial year ended 31 December 2008. ***(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' Abdul Mokhtar Ahmad ***(Ordinary Resolution 3)***
   (b) Mr. Chiam Tau Meng ***(Ordinary Resolution 4)***

4. To re-appoint the director, Dato' Shun Leong Kwong, who retire pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the next Annual General Meeting. ***(Ordinary Resolution 5)***

5. 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 6)***

SPECIAL BUSINESS

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

6. **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965** ***(Ordinary Resolution 7)***

   "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."

7. **Proposed Renewal of General Mandate for Substantial Property Transactions Involving Directors pursuant to Section 132E of the Companies Act, 1965** ***(Ordinary Resolution 8)***

   "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."

8. 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 of Annual General Meeting (Cont'd)

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 2009 (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 2009 (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
5 June 2009

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 7 – Authority to Allot and Issue Shares***

   The proposed Ordinary Resolution 7, 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 8 – 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 8, 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 Listing Requirements of Bursa Malaysia Securities Berhad

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

   (a) Dato' Abdul Mokhtar Ahmad; and

   (b) Mr. Chiam Tau Meng.

2. The Director who is standing for re-appointment pursuant to Section 129 (6) of the Companies Act, 1965 at the Forty Fifth Annual General Meeting of the Company is as follows:

   (a) Dato' Shun Leong Kwong

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

Directors' Profile

DATO' ABDUL MOKHTAR AHMAD
Group Executive Chairman

Dato' Abdul Mokhtar Ahmad, a Malaysian and a Bumiputra entrepreneur, aged 69, was appointed to the Board of Menang on 23 May 1989. He spent the early part of his working career in the government service. In 1972, he left for the private sector when he joined Syarikat Pembenaan Raya Sdn Bhd or Raya (one of the top construction companies in Malaysia then) as General Manager where he gained extensive experience in the construction industry. He soon made his mark and rose to be its Managing Director. Under his sound management and stewardship, Raya has successfully constructed several high-rise buildings in the heart of Kuala Lumpur in the 80's, such as the 34-storey Menara Bank Bumiputra (now known as Bank Muamalat), the 22-storey Bangunan Bank Rakyat and the 26-storey Bangunan Sri Mara. Raya has also ventured into commercial and retail developments and was responsible for the planning and development of the 24-storey Wisma Angkasa Raya and the Kota Raya Complex. In addition Raya has also acted as the local consultant/advisor to the South Korean main contractor for Malayan Banking Berhad's 58-storey Head Office building (known as Menara Maybank).

Later, through his own outfit i.e. Maztri Padu Sdn Bhd, he has privatized a 40-acre prime commercial lot known as Kelana Jaya Urban Center development in Petaling Jaya from PKNS, which was later injected into Menang Corporation (M) Berhad and was subsequently jointly developed under a joint venture with Hicom Properties Berhad (a member of the DRB-HICOM Group).

Currently, Dato' Abdul Mokhtar Ahmad is the Group Executive Chairman of Menang (since 1995) and is responsible inter alia for spearheading Menang's thrust into major infrastructure and building projects under the PFI concept.

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

Dato' Shun Leong Kwong, a Malaysian, aged 70, was appointed to the Board of Menang on 29 June 1989. After graduation from the University 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 63, 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.

Directors' Profile (Cont'd)

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

Dr. Christopher Shun Kong Leng, CFP®, RFP™, a Malaysian, aged 43, 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 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 :-

LCL Corporation Berhad	(Independent & Non-Executive)
Comintel Corporation Berhad	(Independent & Non-Executive)
Success Transformer Corporation Berhad	(Independent & Non-Executive)
KYM Holdings Berhad	(Independent & Non-Executive)

Directors' Profile (Cont'd)

MR TOO KOK LENG
Independent Non-Executive Director

Mr Too Kok Leng, a Malaysian, aged 50, 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 32 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 LCL Corporation Berhad, Comintel Corporation Berhad, Success Transformer Corporation Berhad and KYM Holdings Berhad on 5 December 2003, 28 December 2006, 15 August 2008 and 27 April 2009 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 95 to 101 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 2008.

FINANCIAL REVIEW

Fiscal year 2008 was yet another tough year for us. In fact it was tougher than 2007. The Seremban market continued to be extremely sluggish and slow. Sales prices continued to be very competitive giving the developers very slim margins. The market appears to be saturating. Our joint-venture with OSK Properties (Seremban) Sdn Bhd also went through a trying time. While all the residential units were sold about 1/3 of the shop offices were still left as inventory. Overall the revenue had dropped from RM28.0 million to RM17.0 million reflecting extremely sluggish market conditions. Financing and administrative costs remained high. Overall fiscal year 2008 loss before tax deteriorated from RM14.3 million to RM17.2 million.

CORPORATE DEVELOPMENTS

The Group faced tight liquidity pressure for the whole of 2008. Financing from the banks was hard to come by. We need to diversify our core activity as the housing market appears to be saturating. We now actively look for major construction projects as well as for opportunities to place out major blocks of assets to survive in the extremely tough environment.

We had on November 11, 2008 announced the receipt of the LOI (Letter of Intent) from EPU (Economic Planning Unit) of the Prime Minister's Office for our Group to embark on 2 UiTM projects namely :-

1. a City Campus at Seremban 3, Negeri Sembilan
2. a UiTM Matriculation Centre at our Klang property

Since the announcement date, we have been focusing our energies on attention on these 2 proposals. We have now reached advance levels of negotiation with EPU. We are hopeful these 2 proposals will be signed in the 2nd half of the year. These 2 proposals will have positive impact on our Group, both short term and long term.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to my fellow members on the Board, management and staff of the Group for their contribution and dedication in this long and difficult year. I would also wish to extend my sincere appreciation to our shareholders, the various governmental bodies and regulatory authorities, bankers and customers for their continued support.

Dato' Abdul Mokhtar Ahmad
Executive Chairman

19 May 2009
Kuala Lumpur

Audit Committee Report

CHAIRMAN : **Mr. Chiam Tau Meng**
(Independent Non-Executive Director)

MEMBERS : **Mr Too Kok Leng**
(Independent Non-Executive Director)

Y Bhg Datin Mariam Eusoff
(Non-Executive Group Deputy Chairman)

TERMS OF REFERENCE

Constitution

The Audit Committee of the Company comprising all non-executive directors, a majority of who 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

Audit Committee Report (Cont'd)

(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.

Audit Committee Report (Cont'd)

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 functions 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;

Audit Committee Report (Cont'd)

(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

Four (4) Audit Committee meetings were held on 26 February 2008, 22 April 2008, 20 August 2008 and 28 November 2008 during the financial year ended 31 December 2008. The attendance record of each member during the financial year is as follows:

Audit Committee Members	Date of Meetings Held/Attended				Total Meetings Attended
	26.02.2008	22.04.2008	20.08.2008	28.11.2008	
Mr Chiam Tau Meng	√	√	√	√	4/4
Mr Too Kok Leng	√	√	√	√	4/4
Y Bhg Datin Mariam Eusoff	√	√	√	√	4/4

During the year, the external auditors have attended two (2) meetings, i.e. on 26 February 2008 and 28 November 2008.

Audit Committee Report (Cont'd)

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 2008 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 have been made in accordance with the Company's ESOS Bye-Laws.

Corporate Governance Statement

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. Hence, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is thus fully committed to maintain a high standard 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 report that various affirmation steps and the outlines of 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 2008.

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. Four (4) 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.

Corporate Governance Statement (Cont'd)

The attendance record of each Director is as follows:

	No. of Meetings Attended/Held
Executive Directors	
Dato' Abdul Mokhtar Ahmad	4/4
Dato' Shun Leong Kwong	4/4
Non-Executive Directors:	
Datin Mariam Eusoff	4/4
Dr. Christopher Shun Kong Leng, CFP®, RFP™	3/4
Mr Chiam Tau Meng	4/4
Mr Too Kok Leng	4/4

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 is 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 credible individuals with vast and 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 judgment 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 to 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.

Representatives of a significant shareholder are also members of the Board.

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.

Corporate Governance Statement (Cont'd)

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.

The Nomination Committee had 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 caliber 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 2008 comprised the following: -

- Corporate Governance Focus Group Session
- 2009 Tax Budget Review
- Single Tier System vs. Imputation System on Dividend Structure

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™	-	Non Independent Non-Executive 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	10.000	24.000	–	87.59	–	121.590
Non-Executive Directors	20.000	252.000	–	–	–	272.000

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

	Number of Directors	
Range of remuneration (RM)	**Executive**	**Non-Executive**
Not more than 50,000	1	–
50,001 to 100,000	1	4

Corporate Governance Statement (Cont'd)

C. SHAREHOLDERS

The Company recognizes 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 pages 10 to 14 of the Annual Report.

Statement on Internal Control

1. INTRODUCTION

The Malaysian Code on Corporate Governance stipulated that the listed companies should 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's operations.

This Statement on Internal Control is made in accordance with the Malaysia Code on Corporate Governance and paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements that requires the Board of Directors to include a statement about the state of internal control, as a group, in its annual reports.

2. RESPONSIBILITY FOR RISK AND INTERNAL CONTROLS

The Board and the senior management place importance on, and is aware and committed to maintain a sound system of internal control and had established processes for identifying, evaluating and managing the significant risks faced by the Group.

The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. It follows, that the system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has in place an on-going process of identifying, evaluating, monitoring and managing the key risks affecting the achievement of its business objectives throughout the year. The Board has regularly reviewed this process. Although, a material joint venture has not been dealt with as part of the Group for purposes of applying the above guidance as the joint venture has their own systems of internal controls in place. The Board convenes regular monthly operations meetings with the joint venture partner 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'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 risk 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.

Statement on Internal Control (Cont'd)

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 has 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.

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 Sponsoring Organizations of the Treadway Commission) framework, a globally accepted internal control and governance model.

5. INTERNAL CONTROL SYSTEM

A system of internal control that reflects the Group's control environment, which encompasses its organizational structure, was 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 clear defined lines of responsibility, delegation of authority and segregation of duties across its business units. The Group has in place a comprehensive budgeting process for all operating units.

Pertinent information and reports are 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.

On-going processes embedded within the Group's overall business operations and addressed by the Management, Audit Committee and Internal Auditors which monitor the effective application of the policies, processes and activities related to internal control and risk management.

Statement on Internal Control (Cont'd)

6. OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

- An effective Board, which retains control over the Group with appropriate management reporting mechanisms, which enable the Board to review the Group's progress.
- The Management approved annual budgets prepared by each operating subsidiary and consolidated by the Group Finance function.
- Relevant Committees such as Audit Committee and Tender Committee with formal terms of references, which clearly outline their functions and duties delegated by the Board.
- Periodic management meetings involving discussion on operational issues at the respective subsidiary levels.
- The Audit Committee meets at least four (4) times a year and reviews the effectiveness of the Group's system of internal controls.

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

7. CONCLUSION

The relevant internal control weaknesses identified have been and 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 is made in accordance with a resolution of the Board of Directors dated 7th May 2009.

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 was 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 was no profit guarantee given by the Company during the financial year.

Other Compliance Statements (Cont'd)

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 2008.

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 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 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 2008.

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 judgments 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 7th May 2009.

financial statements

Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

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 set out 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 for the financial year, attributable to equity holders of the Company	17,213	1,799

DIVIDEND

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

Pursuant to a deed poll dated 17 May 2001 ("Deed Poll"), the Company had renounceable rights of 40,070,400 warrants 2001/2006 issued on a renounceable basis to the Minority Shareholders of the Company upon the Completion of the Capital Reconstruction. The registered holders are entitle 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:

Exercise period			Subscription price RM	- Number of options over ordinary shares of RM1.00 each - Balance as at 1.1.2008	Granted	Lapsed due to resignation	Balance as at 31.12.2008
25.1.2002	-	23.1.2012	1.00	9,071,000	–	(438,000)	8,633,000
2.5.2002	-	23.1.2012	1.00	10,000	–	–	10,000
10.1.2003	-	23.1.2012	1.00	146,000	–	–	146,000
25.2.2004	-	23.1.2012	1.00	566,000	–	(88,000)	478,000
7.1.2005	-	23.1.2012	1.00	710,000	–	–	710,000
21.2.2005	-	23.1.2012	1.00	140,000	–	(48,000)	92,000
				10,643,000	–	(574,000)	10,069,000

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;

(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;

Directors' Report (Cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES (Continued)

(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 27 December 2006, the Company has extended its existing ESOS which is expiring on 24 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 have held for 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

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2008 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 1.1.2008**	**Bought**	**Sold**	**Balance as at 31.12.2008**
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™	3,000	–	–	3,000
Indirect interests:				
- Y. Bhg. Dato' Abdul Mokhtar Ahmad	95,945,130	–	–	95,945,130
- Y. Bhg. Dato' Shun Leong Kwong	95,945,130	–	–	95,945,130
- Y. Bhg. Datin Mariam Eusoff	95,945,130	–	–	95,945,130

DIRECTORS' INTERESTS (Continued)

ESOS in the Company	Balance as at 1.1.2008	- Number of option over ordinary shares of RM1.00 each - Offered and accepted	Exercised	Balance as at 31.12.2008
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

By virtue of their interests in the ordinary shares of the Company, 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 also deemed to be interested in the ordinary shares of the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the shares of the Company or of its related corporations during the financial year.

None of the Directors holding office at the end of the financial year held interest in the warrants of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors 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 the Director has a substantial financial interest other than the following:

(a) remuneration received by certain Directors as directors/executives of certain companies in the Group;

(b) purchase of certain properties by certain Directors as disclosed in Note 32; and

(c) rental and interest payable to certain Directors as disclosed in Note 32.

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 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the Directors' entitlement to subscribe for new ordinary shares in the Company under ESOS of the Company.

Directors' Report (Cont'd)

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 there are no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, 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 necessitate the writing off of bad debts or render 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.

Directors' Report (Cont'd)

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 9 October 2002, a wholly owned subsidiary of the Company, 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.

On 16 February 2009, MDSB's solicitors wrote to TLSB's solicitor, that the Novation Agreement be terminated.

SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 11 March 2009, the Board of Directors of the Company announced to Bursa Malaysia Securities Berhad on the default in payment in respect Al-Bai Bithaman Ajil Facility ("Islamic Facility") by its wholly owned subsidiaries, Menang Development Sdn. Bhd. ("MDSB") under Practice Note 1/2001 of Bursa Malaysia Securities Berhad Listing Requirements. MDSB has been served with an Originating Summons with an Affidavit in Support on 10 March 2009 in respect of an indebtedness amount of RM26,395,674 owing to Bank Islam Malaysia Berhad ("the Bank").

On 9 February 1996, MDSB entered into facility agreements with the Bank to accept the Islamic Facility of RM25,000,000 secured by a First Legal Charge on 7 pieces of land held under Geran 27973 to 27974 Lot No. 2596 to 2597 and Geran 27917 Lot No. 48, Mukim Bukit Raja, Daerah Klang, Selangor and Geran 27975 to 27976 Lot No.2615 to 2616 and H.S. (D) 97332 PT 25008, Mukim Kapar, Daerah Klang, Selangor and H.S. (D) 97333 PT 50718, Mukim Klang, Selangor ("the said Land").

MDSB's Islamic Facility is secured by the above said land, the valuation for which is far in excess of the amount owing to the Bank. MDSB is in the process of disposing of these properties to repay the said debt.

Directors' Report (Cont'd)

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
20 April 2009

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 37 to 92 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 2008 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.

On behalf of the Board,

Y. Bhg. Dato' Abdul Mokhtar Ahmad
Director

Y. Bhg. Dato' Shun Leong Kwong
Director

Kuala Lumpur
20 April 2009

Statutory Declaration

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 37 to 92 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 20 April 2009)

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

Independent Auditors' Report

TO THE MEMBERS OF MENANG CORPORATION (M) BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Menang Corporation (M) Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 92.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, 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 the state of affairs of the Group and of the Company as at 31 December 2008 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.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 4.1 to the financial statements, which disclose the premise upon which the Group has prepared its financial statements by applying the going concern assumption, notwithstanding that the Group had incurred a net loss of RM17,213,000 during the financial year ended 31 December 2008, and as of that date, the Group had net current liabilities of RM53,484,000 and have defaulted in payments to its borrowings from financial institutions and to holders of redeemable convertible secured loan stocks. These indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern.

Independent Auditors' Report (Cont'd)

TO THE MEMBERS OF MENANG CORPORATION (M) BERHAD

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO Binder
AF: 0206
Chartered Accountants

Tan Lye Chong
1972/08/09 (J)
Partner

Kuala Lumpur
20 April 2009

Balance Sheets

as at 31 December 2008

		Group		Company	
		2008	2007	2008	2007
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	977	935	104	197
Investment properties	8	52,500	52,500	12,439	12,439
Land held for property development	9	155,765	155,765	–	–
Investments in subsidiaries	10	–	–	85,266	85,331
Other investments	11	2	2	–	–
		209,244	209,202	97,809	97,967
Current assets					
Property development costs	12	59,731	61,464	–	–
Inventories	13	6,593	6,190	–	–
Trade and other receivables	14	2,118	7,834	140,520	140,512
Current tax assets		37	2,676	37	2,676
Cash and cash equivlents	15	953	670	377	49
		69,432	78,834	140,934	143,237
TOTAL ASSETS		278,676	288,036	238,743	241,204

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

Balance Sheets (Cont'd)

as at 31 December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	16	267,107	267,107	267,107	267,107
Reserves	17	(114,079)	(96,866)	(44,403)	(42,604)
TOTAL EQUITY		153,028	170,241	222,704	224,503
LIABILITIES					
Non-current liabilities					
Borrowings	18	–	60	–	2
Deferred tax liabilities	19	2,732	2,732	–	–
		2,732	2,792	–	2
Current liabilities					
Trade and other payables	20	22,593	22,396	9,815	10,493
Borrowings	18	96,882	89,166	2,783	2,765
Amount due to holder of Redeemable Convertible Secured Loan Stocks	21	3,441	3,441	3,441	3,441
		122,916	115,003	16,039	16,699
TOTAL LIABILITIES		125,648	117,795	16,039	16,701
TOTAL EQUITY AND LIABILITIES		278,676	288,036	238,743	241,204

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

Income Statements

for the financial year ended 31 December 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	23	17,139	27,912	18	18
Cost of sales	24	(16,895)	(23,565)	–	–
Gross profit		244	4,347	18	18
Other income		430	512	1,576	1,375
Administrative expenses		(8,759)	(9,896)	(1,938)	(2,011)
Other expenses		(655)	(658)	(901)	(1,080)
Finance costs	25	(8,473)	(8,633)	(554)	(739)
Loss before tax	26	(17,213)	(14,328)	(1,799)	(2,437)
Tax income	27	–	3,831	–	2,936
Net (loss)/profit for the financial year		(17,213)	(10,497)	(1,799)	499
Attributable to:					
Equity holders of the Company		(17,213)	(10,497)	(1,799)	499
Earnings per share attributable to equity holders of the Company					
Loss per share (sen)	28	(6.44)	(3.93)		

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

Statement of Changes in Equity

for the financial year ended 31 December 2008

Group	Share capital RM'000	Capital reserve RM'000	Accumulated losses RM'000	Total RM'000
Balance as at 31 December 2006	267,107	960	(87,329)	180,738
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
Loss for the financial year, representing total recognised income and expense for the financial year	–	–	(17,213)	(17,213)
Balance as at 31 December 2008	267,107	960	(115,039)	153,028
Company				
Balance as at 31 December 2006	267,107	960	(44,063)	224,004
Profit 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
Loss for the financial year, representing total recognised income and expense for the financial year	–	–	(1,799)	(1,799)
Balance as at 31 December 2008	267,107	960	(45,363)	222,704

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

Cash Flow Statements

for the financial year ended 31 December 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(17,213)	(14,328)	(1,799)	(2,437)
Adjustments for:					
Allowance for doubtful debts		–	3	754	781
Bad debts written off		–	9	–	–
Deferred liability charges (Al-Bai Bithaman Ajil Facility)	18.1	2,485	2,485	–	–
Depreciation of property, plant and equipment:-					
- the Group/Company	7	303	347	82	104
- joint venture		13	12	–	–
Impairment losses on investment in subsidiaries		–	–	65	194
Interest expenses		5,988	6,148	554	739
Interest income		(172)	(68)	(642)	(885)
Inventories written off	13	156	–	–	–
Loss on disposal of investment properties		–	252	–	–
(Gain)/Loss on disposal of property, plant and equipment		(73)	21	4	21
Gain on disposal of land held for property development		–	(415)	–	–
Gain on disposal of property development		(1,033)	(303)	–	–
Property, plant and equipment written off		–	8	–	–
Provision for loss of deposit	14	400	–	–	–
Operating loss before working capital changes		(9,146)	(5,829)	(982)	(1,483)
Decrease in inventories		(559)	–	–	–
Decrease in trade and other receivables		1,292	43	246	52
Decrease/(Increase) in amount owing by joint venture project		4,128	(4,298)	–	–
(Decrease)/Increase in trade and other payables		533	1,959	(425)	(962)
Decrease in amounts owing to corporate shareholders		(391)	(35)	–	–
(Decrease)/Increase in amounts owing to Directors		(562)	(111)	(508)	548
Cash used in operations		(4,705)	(8,271)	(1,669)	(1,845)
Tax refunded		2,639	1,155	2,639	1,155
Interest received		55	3	13	-
Net cash (used in)/from operating activities		(2,011)	(7,113)	983	(690)

Cash Flow Statements (Cont'd)

for the financial year ended 31 December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions in property development	12	(1,778)	(418)	–	–
Proceeds from disposal of land held for property development		–	10,401	–	–
Proceeds from disposal of property development		4,544	3,630	–	–
Proceeds from disposal of property, plant and equipment		106	27	8	27
Purchase of property, plant and equipment	7	(378)	(37)	(1)	(7)
Proceeds from disposal of investment properties		–	1,946	–	–
Advances to/(Repayments by) subsidiaries		–	–	(379)	2,288
Net cash from/(used in) investing activities		2,494	15,549	(372)	2,308
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of deferred liability charges (Al-Bai Bithaman Ajil Facility)		(50)	(388)	–	–
Drawdown of term loan		205	1,554	–	–
Interest paid		(30)	(100)	(12)	(89)
Repayments of hire-purchase		(82)	(67)	(8)	(8)
Repayments of term loans		–	(1,178)	–	(1,141)
Redemption of Redeemable Convertible Secured Loan Stocks	21	–	(8,184)	–	–
Repayments to subsidiaries		–	–	(20)	(52)
Net cash from/(used in) financing activities		43	(8,363)	(40)	(1,290)
Net increase in cash and cash equivalents		526	73	571	328
Cash and cash equivalents at beginning of financial year		427	354	(194)	(522)
Cash and cash equivalents at end of financial year	15	953	427	377	(194)

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

Notes to the Financial Statements

31 December 2008

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. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 20 April 2009.

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 subsidiaries are set out 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 OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") in Malaysia 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.

The Group had incurred a net loss of RM17,213,000 during the financial year ended 31 December 2008, and as of that date, the Group had net current liabilities of RM53,484,000 and has defaulted in payments to its borrowings from financial institutions and the holders of redeemable convertible secured loan stocks ("RCLS"). Most of the short term borrowings are secured by long term assets amounting to RM94,863,000. These indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern.

The continuation of the Group as a going concern is dependent upon the successful disposal of the assets of the Group in order to repay its borrowings and to redeem the RCLS, and to have adequate working capital to finance its development activities so as to generate future profits and cash inflows.

The Directors are of the opinion that, barring any unforeseen circumstances, the Group will be able to implement the assets disposal programme and to revive the development activities to generate future profits and cash inflows to enable the Group to continue as a going concern. In addition, the Directors are confident that the Group will be able to secure the UiTM project for which a letter of intent has been secured. Therefore the preparation of financial statements of the Group on a going concern basis is appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Basis of accounting (Continued)

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 assets and non-current liabilities as current assets and current liabilities to restate the carrying value of the assets to their recoverable amounts and to provide for further liabilities, which may arise.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

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 consideration.

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.

Notes to the Financial Statements (Cont'd)

31 December 2008

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Basis of consolidation (Continued)

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.

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.

Transactions with minority interests are treated as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in profit or loss. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Company loss control of a subsidiary, the assets and liabilities of the subsidiary is derecognised at their carrying amounts at the date when control is lost and any resulting difference with the fair value of the consideration received will be recognised in profit or loss.

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 accumulated depreciation and any accumulated impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Property, plant and equipment and depreciation (Continued)

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:

Buildings	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.

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

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Leases (Continued)

(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.

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 a case, the economic life of the buildings is recognised as 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. After the initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated.

Investment property is 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 the 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.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Property development activities (Continued)

(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 profit or loss exceeds progress billings to purchasers, the balance is classified as accrued billings under current assets. When progress billings exceed revenue recognised in the profit or loss, the balance is classified as progress billings under current liabilities.

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 have 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 investments.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Investments (Continued)

(b) Associates (Continued)

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. When 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 (3) 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Investments (Continued)

(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 is made. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

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 Impairment of non-financial assets

The carrying amounts of the assets, except for financial assets (excluding investment in subsidiaries, associate and jointly controlled entities), inventories and property development costs 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 possible 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 profit or loss 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 profit or loss.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Impairment of non-financial assets (Continued)

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 profit or loss 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.

4.9 Inventories

(a) Completed properties

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.

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Financial instruments (Continued)

4.10.1 Financial instruments recognised on the balance sheets (Continued)

(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 overdrafts, 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

Liabilities for trade and other amounts payable, including amounts owing to ultimate holding company, corporate shareholder of the ultimate holding company and related parties are recognised at fair value of the consideration to be paid in the future for goods and advances received.

(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 recognised at the fair value of the consideration received less directly attributable transaction costs.

(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.

4.10.2 Financial instruments not recognised on the balance sheets

There are no financial instruments not recognised on the balance sheets.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 profit or loss. 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 Income taxes

Income taxes include all domestic taxes on taxable profit for the financial year. Income taxes also include other taxes, which are payable by 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Income taxes (Continued)

(b) Deferred tax (Continued)

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

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.

4.13 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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.14 Contingent liabilities and contingent assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.15 Employee benefits

4.15.1 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.

4.15.2 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.

4.15.3 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.

In accordance with the transitional provision of FRS 2 Share-based payment, options granted prior to 31 December 2004 and those granted after 1 January 2005 but vested before 1 January 2006, no fair value of the share options granted is recognised as an expense with the corresponding increase in the share options reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.16 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:

(a) 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.

(b) Sale of properties

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

(c) Recreational facilities

Revenue from recreational facilities consists of the following:

(i) Registration fees

Revenue from registration fees are recognised upon registration and cash receipts.

(ii) 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.

(d) Dividend income

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

Notes to the Financial Statements (Cont'd)

31 December 2008

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.16 Revenue recognition (Continued)

(e) Management fees

Management fee is recognised on an accrual basis.

(f) Rental income

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

(g) Interest income

Interest income is recognised on accrual basis.

(h) Other income

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

4.17 Rounding of amounts

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

4.18 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

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

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRS

5.1 Amendment to FRS and new FRSs adopted

(a) Amendment to FRS 121 *The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation* is mandatory for annual periods beginning on or after 1 July 2007.

This amendment is not relevant to the Group's operations.

(b) The following FRSs are mandatory 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 FRSs align the Malaysian Accounting Standards Board ('MASB') FRSs with the equivalent International Accounting Standards ('IASs'), 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.

FRS 111 and 120 are not relevant to the Group's operations.

(c) The following IC Interpretations are mandatory for annual periods beginning on or after 1 July 2007:

IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*
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 Financial Reporting in Hyperinflationary Economies*
IC Interpretation 8	*Scope of FRS 2 Share-Based Payment*

These Interpretations are not relevant to the Group's operations.

(d) *Framework for the Preparation and Presentation of Financial Statements* ('Framework') 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 FRS as defined in paragraph 11 of FRS 101 *Presentation of Financial Statements* and hence, does not define standards for any particular measurement or disclosure issue.

Notes to the Financial Statements (Cont'd)

31 December 2008

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

5.2 New FRSs not adopted

(a) FRS 8 *Operating Segments* and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for disclosure of information on an entity's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this standard are based on the information about the components of the entity that management uses to make decisions about operating matters. The standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

The standard also requires the amount reported for each operating segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. Segment information for prior years that is reported as comparative information for the initial year of application would be restated to conform to the requirements of this standard.

However, the Group is in the process of assessing the impact of impairment on cash-generating units based on the new definition of operating segments and would only be able to provide further information in the interim financial statements followed by the next annual financial statements.

(b) FRS 7 *Financial Instruments*: Disclosures and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.

The standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance.

The standard requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describe the management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information on the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

(c) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

The standard 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 FRS 139, the impact of applying FRS 139 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

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

5.2 New FRSs not adopted (Continued)

(d) IC Interpretations 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Group does not expect any impact on the consolidated financial statements arising from the adoption of this Interpretation in the future.

(e) The following FRS and IC Interpretation are not adopted by the Group. The consequential amendments resulting from those FRSs are mandatory for annual financial periods beginning on or after 1 January 2010.

FRS 4	*Insurance Contracts (replace the existing FRS 2002$_{2004}$ General Insurance Business and FRS 203$_{2004}$ Life Insurance Business)*
IC Interpretation 9	*Reassessment of Embedded Derivatives*

The abovementioned FRS and 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 critical judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amount recognised in the financial statements:-

(a) 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.

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 it 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. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

6.1 Critical judgements made in applying accounting policies (Continued)

(b) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business

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) Impairment test on the investments in subsidiaries

The Directors review the material investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the net assets as at balance sheet date for investment holding or inactive subsidiaries.

As at 31 December 2008, the carrying amount of investment in Menang Development Sdn. Bhd. was RM81,000,000 (2007: RM81,000,000). The recoverable amount of the investment is largely dependent on the recoverable amount of its underlying assets, comprising mainly of investment properties, land held for property developments and property development. Based on information on the current market value of similar properties in the vicinity, the Directors are of the view that, the recoverable amount of these properties is far in excess of the carrying amount and there is no impairment on the cost of investment in the subsidiary.

(b) 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.

(c) Impairment on investment properties and land held for property development

The Group determines whether there is any impairment for investment properties ("IP") and land held for property development ("LHPD") as at the balance sheet date. This requires an estimation of the fair value of the IP and LHPD by the Directors based on information of the current market value of similar properties in the vicinity. Where the estimation differ from the actual market value of the IP and LHPD, the difference will impact the carrying amount of the IP and LHPD respectively.

(d) 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 2008	Balance as at 1.1.2008 RM'000	Additions RM'000	Disposals RM'000	Reclassi-fication RM'000	Balance as at 31.12.2008 RM'000
At cost					
Freehold land	10	–	–	–	10
Buildings	689	–	–	–	689
Plant and machinery	1,064	363	–	46	1,473
Plant and machinery acquired under hire-purchase	46	–	–	(46)	–
Motor vehicles	1,114	–	(329)	–	785
Motor vehicles acquired under hire-purchase	393	–	(137)	–	256
Furniture, fittings and equipment	2,504	5	–	–	2,509
Site office and signboards	316	10	–	–	326
Renovations	201	–	–	–	201
	6,337	378	(466)	–	6,249

2008	Balance as at 1.1.2008 RM'000	Charge for the financial year RM'000	Disposals RM'000	Reclassi-fication RM'000	Balance as at 31.12.2008 RM'000
Accumulated depreciation					
Buildings	331	14	–	–	345
Plant and machinery	943	130	–	27	1,100
Plant and machinery acquired under hire-purchase	27	–	–	(27)	–
Motor vehicles	1,050	11	(296)	–	765
Motor vehicles acquired under hire-purchase	393	–	(137)	–	256
Furniture, fittings and equipment	2,149	143	–	–	2,292
Site office and signboards	308	5	–	–	313
Renovations	201	–	–	–	201
	5,402	303	(433)	–	5,272

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

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)

Company 2008	Balance as at 1.1.2008 RM'000	Additions RM'000	Disposal RM'000	Balance as at 31.12.2008 RM'000
At cost				
Motor vehicles	140	–	(20)	120
Motor vehicles acquired under hire-purchase	63	–	–	63
Furniture, fittings and equipment	1,025	1	–	1,026
Renovations	27	–	–	27
	1,255	1	(20)	1,236

	Balance as at 1.1.2008 RM'000	Charge for the financial year RM'000	Disposal RM'000	Balance as at 31.12.2008 RM'000
Accumulated depreciation				
Motor vehicles	98	10	(8)	100
Motor vehicles acquired under hire-purchase	63	–	–	63
Furniture, fittings and equipment	870	72	–	942
Renovations	27	–	–	27
	1,058	82	(8)	1,132

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

Notes to the Financial Statements (Cont'd)

31 December 2008

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company **2007**	**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

	Group		**Company**	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Net book value				
Freehold land	10	10	–	–
Buildings	344	358	–	–
Plant and machinery	373	121	–	–
Plant and machinery acquired under hire-purchase	–	19	–	–
Motor vehicles	20	64	20	42
Furniture, fittings and equipment	217	355	84	155
Site office and signboards	13	8	–	–
	977	935	104	197

Freehold land and buildings of the Group with net book value RM354,087 (2007: RM367,875) have been charged to a bank to secure term loan facilities granted to Group as disclosed in Note 18 to the financial statements.

8. INVESTMENT PROPERTIES

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Freehold land, at cost				
Balance as at 1 January	59,942	60,203	4,325	4,325
Less: Disposals	–	(261)	–	–
Balance as at 31 December	59,942	59,942	4,325	4,325
Development expenditure				
Balance as at 1 January	14,844	18,411	8,114	8,114
Less: Disposals	–	(3,567)	–	–
Balance as at 31 December	14,844	14,844	8,114	8,114
	74,786	74,786	12,439	12,439
Less: Accumulated impairment losses				
Balance as at 1 January	22,286	23,916	–	–
Reversal arising from disposal	–	(1,630)	–	–
Balance as at 31 December	22,286	22,286	–	–
	52,500	52,500	12,439	12,439

The investment property of the Group and of the Company were last appraised by the Director based on a valuation performed by an independent firm of professional valuers on open market value basis in 2004. This property is classified as investment property so as to reflect the management's intention of holding this property for investments purposes and for capital appreciation.

Based on information on the current market value of similar properties in the vicinity, the Directors are of the view that the fair value of the investment properties are not lower than the carrying amount shown in the financial statements at the balance sheet date.

Certain freehold land amounting to approximately RM12,439,518 (2007: RM12,948,800) have been charged to secure term loans and bank overdraft facilities granted to the Group as disclosed in Note 18 to the financial statements.

Notes to the Financial Statements (Cont'd)
31 December 2008

9. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2008 RM'000	Group 2007 RM'000
Freehold land, at cost		
Balance as at 1 January	164,806	173,956
Less: Disposals during the financial year	–	(9,150)
Balance as at 31 December	164,806	164,806
Leasehold land, at cost		
Balance as at 1 January/31 December	9,765	9,765
Development expenditure		
Balance as at 1 January	11,231	12,067
Less: Disposals during the financial year	–	(836)
Balance as at 31 December	11,231	11,231
	185,802	185,802
Less: Accumulated impairment losses		
Balance as at 1 January/31 December	(30,037)	(30,037)
	155,765	155,765

Certain freehold land amounting to approximately RM76,181,757 (2007: RM76,906,600) are pledged to financial institutions for term loans, Al-Bai Bithaman Ajil Facility 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 (2007: RM6,242,000) are pledged for term loan and Al-Bai Bithaman Ajil facilities granted to the Group.

10. INVESTMENTS IN SUBSIDIARIES

	Company 2008 RM'000	Company 2007 RM'000
Unquoted equity shares, at cost	222,034	222,034
Less: Impairment losses	(136,768)	(136,703)
	85,266	85,331

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Included in the investment in subsidiaries, is the cost of investment in Menang Development Sdn. Bhd. ("MDSB") amounted to RM81,000,000 (2007: RM81,000,000).

The share of (net liabilities)/net assets of the investment in MDSB as at 31 December 2008 and 31 December 2007 amounted to (RM1,578,892) and RM12,884,472 respectively. However, the recoverable amount of the investment in Menang Development Sdn. Bhd. is largely dependent on the recoverable amount of its underlying assets as mentioned in Note 6.2(a) to the financial statements.

The details of the subsidiaries are as follows:

		Interest in equity held by				
		Company		Subsidiaries		
Name of company	Country of incorporation	2008 %	2007 %	2008 %	2007 %	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

Notes to the Financial Statements (Cont'd)

31 December 2008

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Country of incorporation	Interest in equity held by Company 2008 %	Company 2007 %	Subsidiaries 2008 %	Subsidiaries 2007 %	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	49.5	49.5	50.5	50.5	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. OTHER INVESTMENTS

	Group 2008 RM'000	Group 2007 RM'000
Shares quoted in Malaysia, at cost	2	2
Market value of quoted shares	3	7

12. PROPERTY DEVELOPMENT COSTS

	Group 2008 RM'000	Group 2007 RM'000
Freehold land, at cost		
Balance as at 1 January	55,149	57,894
Addition during the financial year	1,409	–
Less: Disposals during the financial year	(2,735)	(2,745)
Balance as at 31 December	53,823	55,149
Development costs		
Balance as at 1 January	6,315	6,479
Additions during the financial year	369	418
Less: Disposals during the financial year	(776)	(582)
Balance as at 31 December	5,908	6,315
	59,731	61,464

13. INVENTORIES

	Group 2008 RM'000	Group 2007 RM'000
At cost		
Completed properties	6,586	6,024
Plants and shrubs	–	156
Food and beverages	7	10
	6,593	6,190

Certain completed properties amounting to approximately RM1,499,000 (2007: RM1,499,000) have been charged to secure term loan facility granted to the Group.

The inventories of the Group is net of inventories written off of RM 156,000 (2007: NIL)

Notes to the Financial Statements (Cont'd)

31 December 2008

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Trade Receivables				
Third parties	218	287	–	–
Other receivables, deposits And prepayments				
Amount owing by subsidiaries	–	–	187,377	186,369
Amount owing by joint venture project	1,155	5,179	–	–
Other receivables	428	1,615	–	244
Deposits	628	605	18	19
Prepayments	89	148	10	11
	2,300	7,547	187,405	186,643
Less: Allowance for doubtful debts				
- subsidiaries	–	–	(46,885)	(46,131)
Provision for loss of deposit	(400)	–	–	–
	(400)	–	(46,885)	(46,131)
	2,118	7,834	140,520	140,512

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by Group range from 30 to 60 days from date of invoice.

(b) The amount owing by a joint venture project, which represents share of profit for the joint venture project that are unsecured, interest-free and repayable upon completion of the joint venture project.

(c) Included in other receivables of the Group at balance sheet date was the amount owing by third party of RM371,000 (2007: RM1,318,000) in respect of the disposal of the entire equity interest in an associate.

(d) Included in the deposits in 2007 was a deposit of RM400,000 paid to Tanco Land Sdn. Bhd. in acquiring six pieces of land in Mukim of Rasah, District of Seremban, Negeri Sembilan Darul Khusus. However, the agreement has been terminated and the provision for loss of deposit has been made during the financial year.

(e) 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 RM125 million (2007: RM174 million) which bear interest 0.5% (2007: 0.2% to 0.6%) per annum.

15. CASH AND CASH EQUIVALENTS

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash and bank balances	953	670	377	49

(a) Information on financial risks of cash and cash equivalents are disclosed in Note 33 to the financial statements.

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

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash and bank balances	953	670	377	49
Bank overdrafts (Note 18.3)	–	(243)	–	(243)
	953	427	377	(194)

16. SHARE CAPITAL

	Group and Company 2008 Number of shares '000	Group and Company 2008 RM'000	Group and Company 2007 Number of shares '000	Group and Company 2007 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

16.1 Pursuant to a deed poll dated 17 May 2001 ("Deed Poll"), the Company had renounceable rights of 40,070,400 warrants 2001/2006 issued on a renounceable basis to the Minority Shareholders of the Company upon the Completion of the Capital Reconstruction. The registered holders are entitle 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.

Notes to the Financial Statements (Cont'd)
31 December 2008

16. SHARE CAPITAL (Continued)

16.2 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 decided to extend its existing ESOS which 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 in the Company are as follows:

			- Number of options over ordinary shares of RM1.00 each -		
Exercise period	**Subscription price RM**	**Balance as at 1.1.2008**	**Offered and accepted**	**Lapsed due to resignation**	**Balance as at 31.12.2008**
25.1.2002 - 23.1.2012	1.00	9,071,000	–	(438,000)	8,633,000
2.5.2002 - 23.1.2012	1.00	10,000	–	–	10,000
10.1.2003 - 23.1.2012	1.00	146,000	–	–	146,000
25.2.2004 - 23.1.2012	1.00	566,000	–	(88,000)	478,000
7.1.2005 - 23.1.2012	1.00	710,000	–	–	710,000
21.2.2005 - 23.1.2012	1.00	140,000	–	(48,000)	92,000
		10,643,000	–	(574,000)	10,069,000

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;

(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.

Notes to the Financial Statements (Cont'd)

31 December 2008

17. RESERVES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-distributable:				
Capital reserve arising from warrants issue	960	960	960	960
Accumulated losses	(115,039)	(97,826)	(45,363)	(43,564)
	(114,079)	(96,866)	(44,403)	(42,604)

The capital reserve arising from 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.

18. BORROWINGS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current liabilities				
Term loans - secured				
- Al-Bai Bithaman Ajil Facility - secured	45,238	42,802	–	–
- Other term loans - secured	51,611	46,066	2,781	2,514
	96,849	88,868	2,781	2,514
Bank overdraft - secured	–	243	–	243
Hire-purchase creditors	33	55	2	8
	96,882	89,166	2,783	2,765
Non-current liabilities				
Hire-purchase creditors	–	60	–	2
	–	60	–	2
	96,882	89,226	2,783	2,767
Total borrowings				
Al-Bai Bithaman Ajil Facility - Secured (Note 18.1)	45,238	42,802	–	–
Other term loans - secured (Note 18.2)	51,611	46,066	2,781	2,514
Bank overdraft - secured (Note 18.3)	–	243	–	243
Hire-purchase creditors (Note 22)	33	115	2	10
	96,882	89,226	2,783	2,767

Notes to the Financial Statements (Cont'd)

31 December 2008

18. BORROWINGS (Continued)

Terms and debt repayment schedule

18.1 The Al-Bai Bithaman Ajil Facility (secured)

The Al-Bai Bithaman Ajil Facility ("Islamic Facility") is repayable within 7 years from drawdown date and was due for repayment 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 2005 respectively.

The total profit of the loan for the whole duration is RM11,759,634 (2007: 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 (2007: RM2.485 million) was charged to the profit or loss.

On 11 March 2009, the Board of the Company announced to Bursa Malaysia Securities Berhad on the default in payment in respect this Islamic Facility by the Group under Practice Note 1/2001 of Bursa Malaysia Securities Berhad Listing Requirements. The Group has been served with an Originating Summons with an Affidavit in Support on 10 March 2009 in respect of an indebtedness amount ofRM26,395,674.42 owing to Bank Islam Malaysia Berhad ("the Bank").

The Islamic Facility is secured by way of legal charges over certain land held for property development of the Group and corporate guarantee by the Company. The Islamic Facility is subject to a profit equivalent to the yield rate of 9.13% (2007: 9.13%) per annum.

18.2 The other term loans comprise the following:-

	Group		**Company**	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Term loan I	12,634	11,360	–	–
Term loan II	36,196	32,192	–	–
Term loan III	2,781	2,514	2,781	2,514
	51,611	46,066	2,781	2,514

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 of the Group being charged to the financial institutions. Term loans I and II are also secured by corporate guarantee of the Company.

Term loan III was payable in full as at 31 December 2007. Term loan IIII is now currently under negotiation with the bank for settlement arrangement pending disposal of certain freehold land and buildings and land held for property development of the Group being charged to the financial institutions.

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 III which has been in default.

No expected loss or major operational impact are anticipated from this claim as the Company's underlying securities for term loan III 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 9.25% to 11.15% (2007: 9.15% to 10.65%) per annum.

18. BORROWINGS (Continued)

18.3 The bank overdraft of the Group and of the Company is secured by way of legal charge over certain properties of subsidiaries. However, the bank overdraft facility was fully repaid during the year. The interest rate charged is 10.25% (2007: 10.25%) per annum.

Information on financial risk of borrowings is disclosed in Note 33 to the financial statements.

19. DEFERRED TAX LIABILITIES

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

	Group	
	2008	**2007**
	RM'000	**RM'000**
Balance as at 1 January/31 December	2,732	2,732

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

	Group	
	2008	**2007**
	RM'000	**RM'000**
Fair value adjustments on revaluation of land	2,732	2,732

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

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unutilised tax losses	139,672	126,064	24,119	24,120
Unabsorbed capital allowances	1,605	1,639	353	324
Others	1,005	711	–	–
	142,282	128,414	24,472	24,444

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.

Notes to the Financial Statements (Cont'd)

31 December 2008

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables				
Trade payables	539	669	–	–
Retention sum	197	204	–	–
	736	873	–	–
Other payables and accruals				
Amounts owing to subsidiaries	–	–	8,057	8,078
Amounts owing to corporate shareholders	264	614	–	–
Amounts owing to Directors	958	1,479	332	840
Other payables	5,759	6,130	63	314
Accruals	14,823	13,242	1,363	1,261
Deposits	53	58	–	–
	21,857	21,523	9,815	10,493
	22,593	22,396	9,815	10,493

(a) Trade payables are non-interest bearing and payable on demand upon presentation of invoice.

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

(c) The amount owings to corporate shareholder of the ultimate holding company represents advances and payments made on behalf which are unsecured, bears interest at 9.65% (2007: 9.65%) per annum and repayable upon demand.

(d) The amounts owing to Directors represent advances and payments made on behalf which are unsecured, bears interest at 10% (2007: Nil) per annum and repayable upon demand.

(e) Included in other payables of the Group is:

(i) Third party loan amounted to approximately RM2,106,000 (2007: RM1,897,000), which is secured against the Group's certain landed properties, bear interest at range of 10.5% to 31.58% (2007: 10.8% to 31.58%) per annum.

In the event extension of the third party loan is not approved, it is repayable semi-annually of each subsequent drawdown of each tranche.

(ii) Investment of RM3,162,000 (2007: RM3,662,000), which bear a profit yield of 31.85% (2007: 31.85%) per annum.

In the event extension of the investment is not approved, it is repayable semi-annually of each subsequent drawdown of each tranche.

20. TRADE AND OTHER PAYABLES (Continued)

(f) Included in accruals are as follows:

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 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	549	273	549	273
Quit rent and assessment due to:				
- RJ Properties	265	366	–	–
- Klang Land	1,342	683	–	–
- Seremban 3	3,193	2,129	–	–

The Group has been granted 12 months extension to settle the conversion premium to convert Seremban 3 land from agriculture land to residential and commercial land commencing from January 2009.

Information on financial risk of amounts owing to corporate shareholders, Directors and third party loan is disclosed in Note 33 to the financial statements.

21. AMOUNT DUE TO HOLDER OF REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS

	Group and Company 2008 RM'000	Group and Company 2007 RM'000
Balance as at 1 January	3,441	11,625
Repayments during the financial year	–	(8,184)
Balance as at 31 December	3,441	3,441

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.

21. AMOUNT DUE TO HOLDER OF REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (Continued)

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.

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.

21. AMOUNT DUE TO HOLDER OF REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (Continued)

The RCLS have expired on 13 March 2007 and the RCLS have been treated as amount due to holder of RCLS.

On 13 March 2007, the Company has defaulted on its principal and interest obligation to its RCLS holder. 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.

Information on financial risk of amount due to holder of RCLS is disclosed in Note 33 to the financial statements.

22. HIRE-PURCHASE CREDITORS

	Group		Company	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Minimum hire-purchase payments:				
- not later than one year	42	70	3	11
- later than one year and not later than five years	–	75	–	2
	42	145	3	13
Less: Future interest charges	(9)	(30)	(1)	(3)
Present value of hire-purchase and liabilities	33	115	2	10
Repayable as follows:				
Current liabilities				
- not later than one year	33	55	2	8
Non-current liabilities:				
- later than one year and not later than five years	–	60	–	2
	33	115	2	10

Information on financial risk of hire purchase is disclosed in Note 33 to the financial statements.

Notes to the Financial Statements (Cont'd)

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23. REVENUE

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Sale of properties	16,155	27,092	–	–
Management fees	157	86	18	18
Income from recreational facilities	827	734	–	–
	17,139	27,912	18	18

24. COST OF SALES

	Group 2008 RM'000	Group 2007 RM'000
Cost of properties sold	16,129	22,650
Cost of services	766	915
	16,895	23,565

25. FINANCE COSTS

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Interest expense on :				
- deferred liabilities charges in respect of Al-Bai Bithaman Ajil Facility	2,485	2,485	–	–
- Redeemable Convertible Secured Loan Stocks	276	404	276	404
- term loans	5,340	4,825	266	285
- bank overdrafts	9	47	9	47
- hire-purchase	21	15	3	3
- charged by Directors	41	–	–	–
- other loans	301	857	–	–
	8,473	8,633	554	739

Notes to the Financial Statements (Cont'd)

31 December 2008

26. LOSS BEFORE TAX

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Loss before tax is arrived at after charging:				
Allowance for doubtful debts	–	3	754	781
Auditors' remuneration	72	68	20	18
Bad debts written off	–	9	–	–
Directors' remuneration				
- fees	30	30	30	30
- emoluments other than fees	912	2,025	276	180
Depreciation of property, plant and equipment:-				
- the Group/Company	303	347	82	104
- joint venture	13	12	–	–
Deferred liability charges in respect of Al-Bai Bithaman Ajil Facility (Note 18.1)	2,485	2,485	–	–
Interest expenses on (Note 25):				
- Redeemable Convertible Secured Loan Stocks	276	404	276	404
- term loans	5,340	4,825	266	285
- bank overdrafts	9	47	9	47
- hire-purchase	21	15	3	3
- charge by Directors	41	–	–	–
- other loans	301	857	–	–
Inventories written off	156	–	–	–
Property, plant and equipment written off	–	8	–	–
Provision for loss of deposit	400	–	–	–
Rental expense payable to:				
- a Directors	25	25	–	–
- others	308	292	–	–
Rental of equipment	6	5	–	–
Impairment losses on investment in subsidiaries	–	–	65	194
Loss on disposal of investment properties	–	252	–	–
Loss on disposal of property, plant and equipment	–	21	4	21
And crediting:				
Debts recovered from associate	–	–	933	195
Interest income:				
- from subsidiaries	–	–	629	885
- others	172	68	13	–
Management fee receivable from subsidiaries	–	–	18	18
Rental income on buildings	119	101	–	–
Gain on disposal of property development	1,033	303	–	–
Gain on disposal of property, plant and equipment	73	–	–	–
Gain on disposal of land held Property development	–	415	–	–

The estimated monetary value of benefit-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM87,500 and RM87,500 (2007: RM125,509 and RM125,509) respectively.

Notes to the Financial Statements (Cont'd)

31 December 2008

27. TAX INCOME

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Over provision in prior years	–	(3,831)	–	(2,936)

The Malaysian income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated taxable profits for the fiscal year. The Malaysian statutory tax rate has been reduced to 26% from the previous financial 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 2008 has reflected these changes.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable statutory tax rate of the Group and of the Company are as follows:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax at Malaysian statutory tax rate of 26% (2007: 27%)	(4,475)	(3,869)	(468)	(658)
Tax effect in respect of:				
Non-allowable expenses	1,276	998	624	890
Non taxable income	(407)	(240)	(164)	(239)
Utilisation of unrecognised tax losses and allowances	–	1	–	–
Deferred tax assets not recognised	3,606	3,110	8	7
	–	–	–	–
Over provision in prior year	–	(3,831)	–	(2,936)
Current year tax expense	–	(3,831)	–	(2,936)

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

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Arising from				
- utilisation of tax losses brought forward	–	1	–	–

28. LOSS PER SHARE

(a) Loss per ordinary share

Loss per ordinary share of the Group is calculated by dividing the loss for the financial year of approximately RM17,213,000 (2007: RM10,497,000) by the number of ordinary shares issue during the financial year of approximately 267,107,000 (2007: 267,107,000).

	Group	
	2008	**2007**
Loss for the financial year (RM'000)	17,213	10,497
Number of ordinary shares ('000)	267,107	267,107
Loss per ordinary share (sen)	6.44	3.93

(b) Diluted loss per share

The diluted loss per share is not presented as the assumed conversion of the 40,070,400 warrants issued (Note 16.1) and the options over shares under Employees' Share Option Scheme (Note 16.3) is anti-dilutive.

29. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and returns are affected predominantly by differences in the products and services it produces. The geographical segment is not presented as the Group operates predominately in Malaysia.

(b) 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, and operating recreational facilities.

Notes to the Financial Statements (Cont'd)

31 December 2008

29. SEGMENT INFORMATION (Continued)

	Project management and investment holding		Property development		Credit, leasing and trading		Eliminations		Consolidation	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Business segments										
Revenue from external customers	158	86	16,154	27,092	827	734	–	–	17,139	27,912
Inter-segment revenue	18	18	–	–	1	1	(19)	(19)	–	–
Total revenue	176	104	16,154	27,092	828	735	(19)	(19)	17,139	27,912
Segment results	(2,649)	(2,832)	(5,547)	(2,127)	(716)	(804)	–	–	(8,912)	(5,763)
Interest expense									(8,473)	(8,633)
Interest income									172	68
Loss before tax									(17,213)	(14,328)
Tax income									–	3,831
Net loss for the financial year									(17,213)	(10,497)
Segment assets	18,371	21,979	259,423	265,290	882	767	–	–	278,676	288,036
Total assets									278,676	288,036
Segment liabilities	8,545	9,232	116,690	108,289	413	274	–	–	125,648	117,795
Capital expenditure	1	6	–	18	377	13	–	–	378	37
Depreciation	82	104	41	113	193	142	–	–	316	359
Property, plant and equipment written off	–	–	–	–	–	8	–	–	–	8

30. CONTINGENT LIABILITIES - SECURED

	Company	
	2008 RM'000	2007 RM'000
Guarantee and contingent liabilities arising from investment property, land held for property development and inventories being charged for credit facilities relating to bank overdraft, Al-Bai Bithaman Ajil Facility and other term loans of the subsidiaries	94,068	85,940

Notes to the Financial Statements (Cont'd)

31 December 2008

31. CAPITAL COMMITMENTS

	Group 2008 RM'000	Group 2007 RM'000
Capital expenditure in respect of purchase of land held for property development		
Contracted but not provided for	–	15,590

32. 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Related Party Transactions				
Advances (by)/to corporate shareholders				
- Maymerge (M) Sdn. Bhd.	(349)	35	–	–
Interest payable to corporate shareholders				
- Maymerge (M) Sdn. Bhd.	41	38	–	–
Interest on Redeemable Convertible Secured Loan Stock payable to corporate shareholders				
- Maymerge (M) Sdn. Bhd.	–	129	–	129
Purchase of certain properties by Directors				
- Dato' Abdul Mokhtar Ahmad,	849	–	–	–
- Dato' Shun Leong Kwong	917	–	–	–
- Datin Mariam Eusoff	349	–	–	–
Interest payable to Directors				
- Dato' Abdul Mokhtar Ahmad	9	–	–	–
- Dato' Shun Leong Kwong	23	–	–	–
- Datin Mariam Eusoff	9	–	–	–
Rental payable to a Director				
- Dr. Christopher Shun Kong Leng CFP®, RFP™	25	25	–	–

Notes to the Financial Statements (Cont'd)

31 December 2008

32. RELATED PARTIES DISCLOSURE (Continued)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Subsidiaries				
Management fees receivable from Seremban 3 Paradise Valley Golf Resort Sdn. Bhd.	–	–	18	18
Interest income from:-				
- Temeris Holdings Sdn. Bhd.	–	–	–	62
- Temeris Resorts Development Sdn. Bhd.	–	–	–	36
- Menang Development (M) Sdn. Bhd.	–	–	629	787

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Balance outstanding				
Advances owing to				
- Maymerge (M) Sdn. Bhd.	237	587	–	–
- Titian Hartanah (M) Sdn. Bhd.	27	27	–	–
Subsidiary companies				
- Advances owing to	–	–	8,057	8,078
- Advances owing by	–	–	187,377	186,369
Directors				
- remuneration, fees and advances	958	1,479	332	840

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 of the Company, Maymerge (M) Sdn. Bhd.

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

(c) Compensation of key management personnel

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors' remuneration other than fees	912	2,025	276	180

33. 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

At balance sheet date, there were no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

In respect of 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 have interest bearing financial liabilities, comprising the secured term loans, Al-Bai Bithaman Ajil Facility and Redeemable Convertible Secured Loan Stocks, bank overdraft facilities and amount owing to corporate shareholders, subsidiary companies and Directors as disclosed in the financial statements.

Interest rates on Redeemable Convertible Secured Loan Stocks, Al-Bai Bithaman Ajil Facility, amount owing to Directors, advances from corporate shareholders and amount owing to third party 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 from 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 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 financial instruments that are exposed to interest rate risk.

Notes to the Financial Statements (Cont'd)

31 December 2008

33. FINANCIAL INSTRUMENTS (Continued)

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

(iii) Interest rate risk (Continued)

Group At 31 December 2008	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							
Al-Bai Bithaman Ajil Facility	18	9.13	45,238	–	–	–	45,238
Advances from corporate shareholder	20	9.65	264	–	–	–	264
Amout owing to Directors	20	10.00	958	–	–	–	958
Amount owing to third party	20	10.5 – 31.58	2,106	–	–	–	2,106
Amount due to holder of Redeemable Convertible Secured Loan Stocks	21	8.00	3,441	–	–	–	3,441
Hire-purchase and lease creditors	22	7.67	33	–	–	–	33
Floating rates							
Secured term loans	18	9.25 - 11.15	51,611	–	–	–	51,611
At 31 December 2007							
Fixed rates							
Al-Bai Bithaman Ajil Facility	18	9.13	42,802				42,802
Advances from corporate shareholder	20	9.65	614	–	–	–	614
Amount owing to third party	20	10.8 – 31.58	1,897	–	–	–	1,897
Amount due to holder of Redeemable Convertible Secured Loan Stocks	21	8.00	3,441	–	–	–	3,441
Hire-purchase and lease creditors	22	7.74	55	47	13	–	115
Floating rates							
Secured overdraft	18	10.25	243	–	–	–	243
Secured term loans	18	9.15-10.65	46,066	–	–	–	46,066

33. FINANCIAL INSTRUMENTS (Continued)

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

(iii) Interest rate risk (Continued)

Company At 31 December 2008	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							
Advance to subsidiary companies	14	0.5	140,492	–	–	–	140,492
Amount due to holder of Redeemable Convertible Secured Loan Stocks	21	8.00	3,441	–	–	–	3,441
Hire-purchase and lease creditors	22	8.56	2	–	–	–	2
Floating rates							
Secured term loans	18	9.25	2,781	–	–	–	2,781
At 31 December 2007							
Fixed rates							
Advance to subsidiary companies	14	0.20 - 0.60	140,238	–	–	–	140,238
Amount due to holder of Redeemable Convertible Secured Loan Stocks	21	8.00	3,441	–	–	–	3,441
Hire-purchase and lease creditors	22	8.55	8	2	–	–	10
Floating rates							
Secured term loans	18	9.25 -9.40	2,514	–	–	–	2,514
Secured overdraft	18	10.25	243	–	–	–	243

(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.

Notes to the Financial Statements (Cont'd)

31 December 2008

34. 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 claim of RM105,000 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 applying for sub-division and the issue of strata titles.

35. EMPLOYEE BENEFITS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors' remuneration other than fees	912	2,025	276	180
Salaries and wages	2,205	2,523	803	652
Defined contribution plan	212	257	68	75
Other employee benefits	209	258	148	72
	3,538	5,063	1,295	979

Included in the Employee benefit of the Group and of the Company are Executive Directors' remuneration amounting to RM660,400 (2007: RM1,905,000) and RM24,000 (2007: RM60,450) respectively.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Continued)

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 2007. However, on 9 April 2008, 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.

On 16 February 2009, MDSB's solicitors wrote to TLSB's solicitors, that the Novation Agreement be terminated.

37. SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 11 March 2009, the Board of Directors of the Company announced to Bursa Malaysia Securities Berhad on the default in payment in respect Al-Bai Bithaman Ajil Facility ("Islamic Facility") by its wholly owned subsidiaries, Menang Development Sdn. Bhd. ("MDSB") under Practice Note 1/2001 of Bursa Malaysia Securities Berhad Listing Requirements. MDSB has been served with an Originating Summons with an Affidavit in Support on 10 March 2009 in respect of an indebtedness amount of RM26,395,674 owing to Bank Islam Malaysia Berhad ("the Bank").

On 9 February 1996, MDSB entered into facility agreements with the Bank to accept the Islamic Facility of RM25,000,000 secured by a First Legal Charge on 7 pieces of land held under Geran 27973 to 27974 Lot No. 2596 to 2597 and Geran 27917 Lot No. 48, Mukim Bukit Raja, Daerah Klang, Selangor and Geran 27975 to 27976 Lot No.2615 to 2616 and H.S. (D) 97332 PT 25008, Mukim Kapar, Daerah Klang, Selangor and H.S. (D) 97333 PT 50718, Mukim Klang, Selangor ("the said Land").

MDSB's Islamic Facility is secured by the above said land, the valuation for which is far in excess of the amount owing to the Bank. MDSB is in the process of disposing of these properties to repay the said debt.

List of Properties Held

as at 31 December 2008

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

List of Properties Held (Cont'd)

as at 31 December 2008

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	26 years	368	1998
92 units of Market Stalls Mukim of Rasah, Seremban	Freehold Land	12,511 sf	Vacant Market Stalls	22 years	250	1998
24 units of 3 Storey Office Mukim of Rasah, Seremban	Freehold Land	43,758 sf	Office Lots For Rental	11 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	565 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

Shareholders' Information

ANALYSIS OF SHAREHOLDINGS AS AT 7 MAY 2009

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	0.85	4,188	0.00
100 to 1,000	9,894	53.01	5,086,071	1.90
1,001 to 10,000	7,150	38.30	25,775,411	9.65
10,001 to 100,000	1,308	7.01	40,137,400	15.03
100,001 to 13,355,349	154	0.83	100,182,000	37.51
13,355,350* and above	1	0.01	95,921,930	35.91
	18,666	**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	–		–
Goh Kheng Peow	10,817,000		4.05	15,597,600	#1	5.84
See Thoo Chan	2,474,400		0.93	23,940,200	#2	8.96

* 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 of the Companies Act, 1965

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

#1 Indirect interest through his spouse and Compugates Holdings Berhad (669287H) by virtue of Section 6A of the Companies Act, 1965

#2 Indirect interest through her spouse and Compugates Holdings Berhad (669287H) by virtue of Section 6A of the Companies Act, 1965

Shareholders' Information (Cont'd)

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

Shareholders' Information (Cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 7 MAY 2009

	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.	Compugates Holdings Berhad	13,123,200	4.91
3.	OSK Nominees (Tempatan) Sdn Berhad *Pledged Securities Account for Foremillion (M) Sdn Bhd*	9,242,800	3.46
4.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Kheng Peow*	7,150,000	2.68
5.	OSK Nominees (Tempatan) Sdn Berhad *Pledged Securities Account for Pakatan Laksana Commercial Sdn Bhd*	5,000,000	1.87
6.	Tan Shoo Li	4,775,200	1.79
7.	Lim Seng Chee	3,343,600	1.25
8.	BHLB Trustee Berhad *Exempted - Trust Account For EPF Investment For Member Savings Scheme*	2,963,100	1.11
9.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Kheng Peow (CEB)*	2,367,000	0.89
10.	Pakatan Laksana Commercial Sdn Bhd	2,088,500	0.78
11.	Continuum Sanctuary Commercial Sdn Bhd	2,000,000	0.75
12.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An For OCBC Securities Private Limited*	1,994,200	0.75
13.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kek Lian Lye*	1,862,300	0.70
14.	Toh May Fook	1,800,000	0.67
15.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Toh May Fook*	1,300,000	0.49
16.	Citigroup Nominees (Asing) Sdn Bhd *UBS AG Hong Kong For Yellow Gold Enterprise Inc*	1,130,000	0.42
17.	Harasa Abadi Sdn Bhd	1,000,000	0.37
18.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Kheng Peow*	1,000,000	0.37
19.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for See Thoo Chan*	1,000,000	0.37
20.	Johan Tung Bin Abdullah	995,700	0.37

Shareholders' Information (Cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 7 MAY 2009 (Continued)

	Name	No. of Shares	%
21.	Chua Khin Eng	955,100	0.36
22.	AIBB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Kie Yik*	900,000	0.34
23.	Cimsec Nominees (Asing) Sdn Bhd *Exempt An For CIMB-GK Securities Pte Ltd*	883,300	0.33
24.	HDM Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ho Tau Tai (M08)*	795,400	0.30
25.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank For Liew Choon Guan @ Liew Soon Guan (MQ0026)*	774,000	0.29
26.	HLG Nominee (Asing) Sdn Bhd *Exempt An For UOB Kay Hian Pte Ltd*	706,500	0.26
27.	AIBB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Low Kong Teck*	700,000	0.26
28.	Mayban Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Selva Kumar A/L Veerappan*	690,100	0.26
29.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank For Liew Siew Ling (MQ0010)*	670,000	0.25
30.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For See Thoo Chan*	663,000	0.25
	Total	**167,794,930**	**62.82**

Warrant Holders' Information

ANALYSIS OF WARRANT HOLDINGS AS AT 7 MAY 2009

No. of Warrants	:	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	428	34.97	371,732	0.93
1,001 to 10,000	546	44.61	2,831,499	7.07
10,001 to 100,000	228	18.63	7,314,900	18.26
100,001 to 2,003,519	19	1.55	4,893,700	12.21
2,003,520 * and above	2	0.16	24,658,500	61.54
	1,224	**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	–	–	–	–

Warrant Holders' Information (Cont'd)

THIRTY LARGEST WARRANT HOLDERS AS AT 7 MAY 2009

	Name	No. of Warrants	%
1.	Pakatan Laksana Commercial Sdn Bhd	16,395,500	40.92
2.	OSK Nominees (Tempatan) Sdn Berhad *Pledged Securities Account for Foremillion (M) Sdn Bhd*	8,263,000	20.62
3.	Tang Kee Hiong	1,200,200	3.00
4.	Tan Shoo Li	602,600	1.50
5.	Lim Boon Leong	379,100	0.95
6.	AIBB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kek Lian Lye*	293,500	0.73
7.	Lee Chin Ling	200,000	0.50
8.	Perbadanan Kemajuan Negeri Selangor	199,000	0.50
9.	Lee See Sin @ Lim See Sin	199,000	0.50
10.	Abdul Aziz Bin Mohd Hassan	192,300	0.48
11.	Chai Chun Leong	165,000	0.41
12.	HLG Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Yap Soon Nam*	164,000	0.41
13.	Kwek Meng Huat	156,000	0.39
14.	Perbadanan Kemajuan Negeri Selangor	154,000	0.38
15.	Tan Su Lam	154,000	0.38
16.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chia Hong @ Gan Chia Hong (E-TMR)*	150,000	0.37
17.	Perbadanan Kemajuan Negeri Selangor	147,000	0.37
18.	Ooi Chieng Sim	140,000	0.35
19.	Tang Huat Wong	138,000	0.34
20.	Chai Chun Leong	130,000	0.32
21.	Mok Bi Wan	130,000	0.32
22.	Foo Sai	100,000	0.25

Warrant Holders' Information (Cont'd)

THIRTY LARGEST WARRANT HOLDERS AS AT 7 MAY 2009 (Continued)

	Name	No. of Warrants	%
23.	Goh Kheng Peow	100,000	0.25
24.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Moon Thiam (TCS/AFF)*	100,000	0.25
25.	Lai Chuai	100,000	0.25
26.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chia Hong @ Gan Chia Hong (E-TMR)*	100,000	0.25
27.	EB Nominees (Asing) Sendirian Berhad *Pledged Securities Account for Walter Wurtz (SFC)*	90,000	0.22
28.	Khoo Ghee Hian	90,000	0.22
29.	Tan Ewe Chuah	83,000	0.21
30.	OSK Nominees (Tempatan) Sdn Berhad *Pledged Securities Account for Chow Chin Kooi*	82,000	0.20
	Total	**30,397,200**	**75.86**

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

PROXY FORM

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

NRIC No/ID No/Company No .... 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 Fifth Annual General Meeting of the Company to be held at the Meeting Room, Kelab Sultan Sulaiman, Jalan Dewan Sultan Sulaiman, 50300 Kuala Lumpur on Tuesday, 30 June 2009 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' Abdul Mokhtar Ahmad as Director pursuant to Article 112		
Ordinary Resolution 4	Re-election of Mr. Chiam Tau Meng as Director pursuant to Article 112		
Ordinary Resolution 5	Re-appointment of Dato' Shun Leong Kwong as Director pursuant to Section 129(6) of the Companies Act, 1965		
Ordinary Resolution 6	Re-appointment of Messrs BDO Binder as the Company's Auditors		
	Special Business		
Ordinary Resolution 7	Authorisation to issue shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 8	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..2009

Number of Shares Held

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

(* 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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