



SYCAL VENTURES BERHAD

Company No. 547651-U
Incorporated In Malaysia

Annual Report 2007

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the Company will be held at Pearl International Hotel, Room Flamingo II, 7th Floor, 5th Miles, Old Klang Road, 58000 Kuala Lumpur on Friday, 27th June 2008 at 9.00 a.m. to transact the following businesses:-

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2007 and the Reports of the Directors and Auditors thereon. Resolution 1
2. To re-elect the following Directors who retire by rotation pursuant to Article 79 of the Company's Articles of Association:-
 - 2.1 Chin Kok Wah Resolution 2
 - 2.2 Siaw Sat Lin Resolution 3
3. To consider and if thought fit, to pass the following resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
 - 3.1 "THAT pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Ahmad Sabki Bin Jahidin be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." Resolution 4
 - 3.2 "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Jaffar Indot be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." Resolution 5
4. To re-appoint Messrs. SC Associates as Auditors of the Company for the financial year ending 31 December 2008 and to authorise the Directors to fix the Auditors' remuneration. Resolution 6
5. **SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions:-

 - 5.1 Ordinary Resolution
Approval for Issuance of New Ordinary Shares Pursuant to Section 132D of the Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby authorised to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of the shares to be issued pursuant to this resolution shall not exceed 10% of the total issued share capital of the Company for the time being AND THAT the Directors be and are hereby authorised to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." Resolution 7
 - 5.2 Special Resolution
Proposed Amendments to the Articles of Association of the Company

"THAT the proposed amendments to the Articles of Association of the Company as set out in Appendix I attached to the Annual Report 2007 be and are hereby approved AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to the proposed amendments to the Articles of Association of the Company." Resolution 8

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

6. To transact any other business of which due notice shall have been given.

By Order of the Board

Koh Kim Koon
Cheng Yean Khim
Company Secretaries

Kuala Lumpur
5 June 2008

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.03A, 4th Floor, Plaza Prima, 4½ Miles, Jalan Kelang Lama, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

EXPLANATION NOTE ON SPECIAL BUSINESS

1. RESOLUTION PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The proposed Ordinary Resolution No. 7, if passed, will empower the Directors of the Company to issue and allot shares in 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 they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

2. RESOLUTION PURSUANT TO PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The proposed Special Resolution No. 8, if passed, will bring the Articles of Association of the Company in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors standing for re-election or re-appointment at the Seventh Annual General Meeting of the Company

The Directors retiring by rotation pursuant to Article 79 of the Company's Articles of Association and seeking for re-election are as follows:

- | | | |
|------|--------------|----------------|
| (i) | Chin Kok Wah | (Resolution 2) |
| (ii) | Siaw Sat Lin | (Resolution 3) |

The Directors who are over the age of 70 years and seeking for re-appointment are as follows:

- | | | |
|------|---------------------------------------|----------------|
| (i) | Tan Sri Dato' Ahmad Sabki Bin Jahidin | (Resolution 4) |
| (ii) | Dato' Jaffar Indot | (Resolution 5) |

The profiles of the Directors standing for re-election and re-appointment are as set out in pages 5 to 7 and the information of their shareholdings in the Company and its subsidiaries are listed in pages 81 and 82 of this Annual Report.

2. Board Meetings held in the financial year ended 31 December 2007

Two (2) Board Meetings were held during the financial year ended 31 December 2007 since the Company was listed on 29 June 2007. Details of the meetings are as follows:-

Quarterly Board Meetings : 29 August 2007
29 November 2007

3. During the financial year ended 31 December 2007, two (2) Board Meetings were held since the Company listed on 29 June 2007. The attendance of the respective Directors at Board Meetings are as follows:

<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
Dato' Sri Haji Abd Rahim Bin Haji Abdul	2/2
Dato' Seow Yong Chin	2/2
Chin Kok Wah	2/2
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	2/2
Mohd Rashid Bin Mat Ali	2/2
Tan Sri Dato' Ahmad Sabki Bin Jahidin	1/2
Dato' Jaffar Indot	1/2
Siaw Sat Lin	2/2

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Haji Abd Rahim Bin Haji Abdul
(Executive Chairman)

Dato' Seow Yong Chin
(Managing Director)

Syed Zain Al-Kudcy Bin Dato' Syed Mahmood
(Executive Director)

Chin Kok Wah
(Executive Director)

Mohd Rashid Bin Mat Ali
(Executive Director)

Tan Sri Dato' Ahmad Sabki Bin Jahidin
(Senior Independent Non-Executive Director)

Dato' Jaffar Indot
(Independent Non-Executive Director)

Siaw Sat Lin
(Independent Non-Executive Director)

AUDIT COMMITTEE

Tan Sri Dato' Ahmad Sabki Bin Jahidin
(Chairman, Senior Independent Non-Executive Director)

Dato' Jaffar Indot
(Independent Non-Executive Director)

Siaw Sat Lin
(Independent Non-Executive Director)
(Member of Malaysian Institute of Accountants)

Dato' Seow Yong Chin
(Managing Director)

NOMINATION COMMITTEE

Siaw Sat Lin
(Chairman, Independent Non-Executive Director)

Tan Sri Dato' Ahmad Sabki Bin Jahidin
(Senior Independent Non-Executive Director)

Dato' Jaffar Indot
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Dato' Jaffar Indot
(Chairman, Independent Non-Executive Director)

Tan Sri Dato' Ahmad Sabki Bin Jahidin
(Senior Independent Non-Executive Director)

Siaw Sat Lin
(Independent Non-Executive Director)

Dato' Seow Yong Chin
(Managing Director)

COMPANY SECRETARIES

Koh Kim Koon
Cheng Yean Khim

REGISTERED OFFICE

Lot 4.03A, 4th Floor, Plaza Prima
4 ½ Miles, Jalan Kelang Lama
58200 Kuala Lumpur
Tel: 603-7983 9099
Fax: 603-7981 7443

SHARE REGISTRAR

Epsilon Registration Services Sdn Bhd
G-01, Ground Floor, Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 603-4047 3999
Fax: 603-4042 6352

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Second Board
Stock Code : 9717
Stock Name : SYCAL

AUDITORS

SC Associates
Chartered Accountants
No. 7.19B, 7th Floor, Wisma Central
Jalan Ampang, 50450 Kuala Lumpur
Tel: 603-2163 4133
Fax: 603-2162 4217

PROFILE OF DIRECTORS

Dato' Sri Haji Abd Rahim Bin Haji Abdul (58 years of age – Malaysian)
Chairman and Executive Director

Appointed to the Board on 15 March 2006. Dato' Sri Haji Abd Rahim graduated from University of Malaya with a Bachelor of Art (Honours) Degree in 1972. He obtained his Master of Public Administration from Pennsylvania State University, U.S.A. in 1983 and LLB (Hons) from University of London in 1993. He started his career in the Malaysian Civil Service on 2 March 1973 when he was appointed as Assistant Secretary in the Federal Treasury, a post he held for 14 years. Thereafter, he held various posts in various departments, namely Ministry of Youth and Sports, Prime Minister's Department, National Registration Department, Institute of Islamic Understanding Malaysia and the State Financial Officer of Perlis and Pahang respectively before being appointed as the State Secretary of Pahang on 16 October 2001 until 1 October 2004. His last post was as Deputy Secretary General of Treasury, Ministry of Finance till his retirement on 2 September 2005.

Presently, he is also a director of YTL Cement Berhad, ASM Investment Service Berhad and Sycal Berhad, a wholly-owned subsidiary of the Company. He is also the chairman/directors of several other private companies.

Dato' Seow Yong Chin (48 years of age – Malaysian)
Group Managing Director / Member of Audit Committee / Member of Remuneration Committee

Appointed to the Board on 30 November 2005. He has extensive experience in the building, construction and civil engineering industry after having been directly involved in this sector for more than 24 years. He has been actively involved in implementing and managing construction projects undertaken by Sycal Group.

He is a director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and several other private limited companies.

Syed Zain Al-Kudcy Bin Dato' Syed Mahmood (53 years of age – Malaysian)
Executive Director

Appointed to the Board on 30 November 2005. He is an engineer by profession and is a registered professional engineer with the Board of Engineers, Malaysia. He graduated from the Oxford College of Further Education with Ordinary National Diploma in Engineering in 1974 and holds a Bachelor of Science degree in Civil Engineering from University of Aston in Birmingham, England, in 1977. He is a corporate member of the Institute of Engineers (Malaysia) and Institute of Highway Engineers (United Kingdom). He commenced his career in August 1977 as Road Maintenance Engineer with Jabatan Kerja Raya ("JKR"), Perak and was involved in the implementation of Kampsax Highway Maintenance Programme. From January 1981 to October 1982, he served as District Engineer with JKR, Johor and subsequently served as Executive Director in a civil and building construction company, Tripart Sdn Bhd from November 1982 to 1989. Prior to joining Sycal Berhad in 1994, he was with Percon Corporation Sdn Bhd and was involved in a number of notable projects such as the construction of the 5-Star Istana Hotel in Kuala Lumpur, as well as the Malaysian Embassy in Jakarta.

He is director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and several other private limited companies.

PROFILE OF DIRECTORS *(cont'd)*

Chin Kok Wah *(48 years of age – Malaysian)*

Executive Director

Appointed to the Board on 30 November 2005. He obtained a Certificate in Architectural Draughtsmanship from Institut Teknologi Malaysia, Ipoh in 1981. He started his career in 1980 by managing his family's construction business and in 1982 as a clerk of works with Seri Jurutera Perunding Sdn Bhd, a civil and structural consultant company. From 1983 to 1985, he served as site agent with Bandar Baru Bersatu Sdn Bhd and subsequently served for 1½ years with Malaysian Construction Concept Sdn Bhd, a construction company as Site Supervisor. Prior to assuming his current position as Project Director, he was the Project Manager for 2 years and subsequently, the General Manager for 5 years at Sycal Berhad. He is currently responsible for project coordination and is in charge of works progress and staffing.

He is director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and other private limited companies.

Mohd Rashid Bin Mat Ali *(44 years of age – Malaysian)*

Executive Director

Appointed to the Board on 17 May 2006. He graduated from Memphis State University, U.S.A. with a BSc in Engineering in 1985. He also obtained his MSc in Digital Systems from Brunel University, U.K. in 1988, Diploma in Islamic Studies from ISiSC-UKM, Malaysia in 1998 and MSc in Information Studies from UiTM, Malaysia in 2005. He started his career in 1988 as Network Analyst/Head of Network Services in Bank Simpanan Nasional Malaysia. From 1991 to 1993, he served as Senior Executive (Network Management) in Petroliaam Nasional Berhad. Thereafter, he served as Project Engineer/Senior Manager (Network Planning & Development) in MRCB Berhad and its related companies from 1993 to 1997 and as Head of EDP Planning and EDP Operations in Sime Darby Berhad from 1997 to 2001. Prior to assuming his current position in the Company, he was the Executive Vice President cum Head of Industrial Relations in Dewarisan Holdings Sdn Bhd.

Currently, he is also a director of Sycal Berhad, a wholly-owned subsidiary of the Company.

Tan Sri Dato' Ahmad Sabki Bin Jahidin *(76 years of age – Malaysian)*

Senior Independent Non-Executive Director / Chairman of Audit Committee / Member of Nomination Committee / Member of Remuneration Committee

Appointed to the Board on 30 November 2005. He graduated from University of Malaya with a Bachelor of Arts (Honours) Degree in 1958. He also obtained a Diploma in International Relations from the Institute of Social Studies, The Hague in 1967. He commenced his career in 1958 as an Administrative Officer in Malayan Civil Services. He was the Assistant State Secretary of Malacca from 1960 to 1962, District Officer of Jasin from 1962 to 1963 before his transfer to the Ministry of Defense as Principal Assistant Secretary from 1964 to 1967. He then served as Under Secretary in the Prime Minister's Department from 1967 to 1972 before joining the Ministry of Culture, Youth & Sports. In 1974, he was appointed Secretary General of the said Ministry. Thereafter, he was seconded to the Malaysian Rubber Exchange and Licensing Board from 1977 to 1993 and served as Chairman of the Board from 1980 to 1993. He also held the position of Chairman of the International Rubber Association from 1984 to 1993 and also as Chairman of the Buffer Stock Committee of the International Natural Rubber Organisation from 1984 to 1986. He was the Vice-Chairman of the Malaysian National Shippers Council from 1980 to 1993.

Currently, he is a director of Gula Perak Berhad, Hwang-DBS (Malaysia) Berhad, Apollo Food Holdings Berhad, Paramount Corporation Berhad, Hwang-DBS Investment Bank Berhad and Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of a subsidiary of the Company and several other private limited companies.

PROFILE OF DIRECTORS *(cont'd)*

Dato' Jaffar Indot *(73 years of age – Malaysian)*

Independent Non-Executive Director / Member of Audit Committee / Member of Nomination Committee / Chairman of Remuneration Committee

Appointed to the Board on 30 November 2005. He graduated from the Harvard Business School International Managers' Programme, Vevey, Switzerland in 1983. He was the former Executive Director of Shell Companies in Malaysia and Managing Director of Shell downstream companies. He retired from Shell after 33 years' service in 1989. During this time, he worked for Shell in Japan and London, where he served in various capacities, in international oil trading, business development and public affairs. He is a director on the Boards of Shell Refining Company (FOM) Berhad, Guinness Anchor Berhad, FSBM Holdings Berhad, Melewar Industrial Group Berhad, M3nergy Berhad and Sycal Berhad, a wholly-owned subsidiary of the Company, and serves as the Chairman of the Audit Committee of Shell Refining Company (FOM) Berhad and FSBM Holdings Berhad. He also serves on the Boards of a number of private companies. He is the President of the Federation of Family Planning Associations of Malaysia and a Trustee of the Malaysian AIDS Foundation as well as being a member of Yayasan Proton.

Siaw Sat Lin *(66 years of age – Malaysian)*

Independent Non-Executive Director / Member of Audit Committee / Chairman of Nomination Committee / Member of Remuneration Committee

Appointed to the Board on 30 November 2005. He is an accountant by profession and registered as member of Malaysian Institute of Accountants in 1973 and Malaysian Association of Certified Public Accountant in 1975, respectively. He graduated from the University of Otago, New Zealand in 1969 with a Bachelor of Commerce and was admitted to the Institute of Chartered Accountants of New Zealand as an Associate Chartered Accountant in 1972. He commenced his career in Coopers Brothers in 1971 before spending 5 years in Goodyear (M) Bhd, as the Manager – Treasury/ Branch Operation. He was the Chief Accountant of Hume Industries (M) Bhd from 1978 to 1980. Prior to joining Sycal Berhad in August 1998 as an Independent Non-Executive Director, he was the Chief Accountant/Treasurer of Caltex Oil Malaysia Ltd from 1980 to 1996.

Currently, he is also a director of Sycal Berhad, a wholly-owned subsidiary of the Company.

Further Information:-

Family Relationship with any Directors and/or Substantial Shareholders

None of the other Directors has any family relationship with each other and/or major shareholders of the Company.

Conflict of Interest with Company and Convictions for Offences of Directors

None of the Directors has any conflict of interest with the Company, or has been convicted of any offence within the past ten (10) years.

Board of Directors' Meeting

Details of attendance of Board Meetings held during the financial year ended 31 December 2007 are disclosed in page 3 of this Annual Report.

AUDIT COMMITTEE REPORT

OBJECTIVE

The principal objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practice of the Company and each of its subsidiary and oversees the compliance with the relevant rules and regulations governing listed companies.

MEMBERS

Tan Sri Dato' Ahmad Sabki Bin Jahidin (*Chairman, Senior Independent Non-Executive Director*)

Dato' Jaffar Indot (*Independent Non-Executive Director*)

Siaw Sat Lin (*Independent Non-Executive Director; Member of Malaysian Institute of Accountants*)

Dato' Seow Yong Chin (*Managing Director*)

TERMS OF REFERENCE

Composition

The Committee shall be appointed by the Board from among its members and must consist of not less than three (3) members of all the members must be non-executive directors, with a majority of independent directors of the Company or any related corporation. The Board of Directors had on the Board Meeting held on 28 February 2008 resolved that the Company will comply with Paragraph 15.10(1)(b) of the Listing Requirements of Bursa Malaysia Securities Berhad in respect of the composition of the Audit Committee with effect from 1 January 2009. No alternate director shall be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee:-

- (a) must be a member of the Malaysian Institute of Accountants ("MIA"); or
- (b) if he is not a member of the MIA, he must have at least 3 years' working experience and:-
 - (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (ii) 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; or
- (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The Chairman of the Committee shall be elected from among its members and shall be an independent non-executive directors. The Chairman shall report to the Board on the proceedings conducted at each Audit Committee meetings and to convey the recommendations by the Committee for the quarterly results and annual financial statements, as the case may be, to be adopted by the Board for release to Bursa Malaysia Securities Berhad.

In the event of any vacancy in the Audit Committee with the result that the number of members is reduced to below 3, the Board of Directors, must within 3 months of that event, appoint such number of new members as may be required to make up minimum number of 3 members.

Meetings

Meetings are scheduled throughout the financial year. However, the frequency of the meetings can vary depending on the scope of the audit activities. In any case the Audit Committee will meet once during each quarter to review quarterly financial results before announcement to Bursa Malaysia Securities Berhad. A quorum shall consist of a majority of Committee members present who must be independent directors and any decision shall be by simple majority.

In attendance at Meetings

The Group Financial Controller and General Manager-Corporate Affairs will normally be in attendance at the meetings. Representatives of the external auditors are invited to meetings where relevant matters are discussed. Where necessary, the Audit Committee will invite any person to be in attendance to assist in its deliberation. Any other Directors and employees shall attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

AUDIT COMMITTEE REPORT (cont'd)

Authority

The Committee is authorised by the Board to review any activity within its terms of reference and shall have unrestricted access to any information it requires from any Director or member of the management and all employees are directed to co-operate with any request made by the Committee. The Committee may obtain external legal or other independent professional advice in furtherance of its duties.

The Committee shall have direct access to the external auditors and be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Secretaries to Audit Committee

The Company Secretaries shall be the Secretaries of the Audit Committee responsible for drawing up the agenda in consultation with the Chairman. The agenda together with relevant explanatory papers and documents shall be circulated to Audit Committee members prior to each meeting. The Secretaries shall be responsible for keeping the minutes of the meeting of the Audit Committee, circulating them to Audit Committee members and for ensuring compliance with Listing Requirements of Bursa Malaysia Securities Berhad.

Review of the Audit Committee

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

Scope and Functions

The scope and functions of the Committee shall be to:-

- (i) review the following and report the same to the Board of Directors:-
 - the external audit plan.
 - the external auditors' evaluation of the systems of internal controls.
 - the assistance given by the Company's officers to the external auditors.
 - the adequacy of scope, functions, competency and resources of the internal audit functions.
 - the quarterly results and annual financial statements, the external auditors' management letter and management response before submission to the Board, focusing particularly on:-
 - (a) changes in or implementation of new accounting policies and practices;
 - (b) significant and unusual events;
 - (c) the going concern assumption; and
 - (d) compliance with the applicable approved accounting standards and other legal and regulatory requirements.
 - any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (ii) Consider and review the appointment of the external auditors and to make recommendation on terms of such appointment and any questions of resignation or dismissal.
- (iii) review and approve the draft Annual Report prior to the presentation to the Board of Directors for approval and subsequent despatch to the shareholders; and
- (iv) consider and examine such other matters as the Committee considers appropriate or as authorised by the Board of Directors.

MEETINGS DURING THE YEAR

The Audit Committee met twice during the financial year ended 31 December 2007 given the fact that the Company was listed on 29 June 2007. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

AUDIT COMMITTEE REPORT (cont'd)

	No. of Meeting Attended
Tan Sri Dato' Ahmad Sabki Bin Jahidin	1/2
Dato' Jaffar Indot	1/2
Siaw Sat Lin	2/2
Dato' Seow Yong Chin	2/2

At each meeting, the representatives of the external auditors were in attendance to review with the Committee Members the quarterly reports and annual financial statements, as the case may be, focusing on compliance with accounting standards and significant audit and internal control issues. After each meeting, the Chairman of the Committee reports to the Board on the proceedings conducted thereof and conveys the recommendations by the Committee for the quarterly reports and annual financial statements, as the case may be, to be adopted by the Board for release to Bursa Malaysia Securities Berhad.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

The main activities carried out by the Committee during the year were as follows:-

- (i) adoption of the Terms of Reference of the Audit Committee;
- (ii) reviewed and discussed with the external auditors on the results of the audit, its comments and findings;
- (iii) deliberated at length the implication and progress of the proposed restructuring scheme undertaken by the Group;
- (iv) reviewed the quarterly unaudited financial results of the Group and recommendation of the same to the Board for approval and subsequent release of announcement to Bursa Malaysia Securities Berhad;
- (v) identified and reviewed the principal risk factors and controls existed to mitigate those risks pertaining to the key business processes of the Group;
- (vi) reviewed the quarterly risk management reports to assist the Board in identifying and managing the Group's risk; and
- (vii) reviewed related party transactions and conflict of interest situation that may arise within the Group.

An Executive Committee ("EXCO") comprising the Managing Director, Executive Directors and senior management staff of the Company was formed to review, amongst others, the existing operational structure of the Group and to commence an operational reengineering, with a view to enhance the internal controls and corporate governance procedures and to incorporate, where relevant, the recommendation for best practices.

During the year, the EXCO met for a total of 18 times and has deliberated on various issues relating to treasury, business strategies, organisation structure and operations of the Company and the Group with the objective to enhance the systems of internal control.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent internal audit service company and the selected team is independent of the activities audited by the external auditors. The internal audit function is to ensure a regular review of the adequacy and integrity of the Group's internal control systems. The internal auditors review and assess the Group's system of internal control and report to the Audit Committee functionally. Internal audit reports prepared by the internal auditors would be presented to the Audit Committee and forwarded to the management concerned for attention and necessary action.

OVERSEEING THE INTERNAL AUDIT FUNCTION

- (i) The Audit Committee shall oversee all internal audit functions and is authorized to commission investigations to be conducted by internal audit as it deems fit.
- (ii) The internal auditors shall report directly to the Audit Committee and shall have access to the Chairman of the Committee.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is committed to ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and the long term financial performance of the Group.

The Board is pleased to present below the manner in which the Group has applied the principles of the Code and the extent of compliance with the best practices of the Code throughout the financial year ended 31 December 2007:-

1. Board of Directors

1.1 Board's Principal Responsibilities

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies, overseeing the resources, investments and businesses of the Group. All Board members participate fully in major decisions and key issues involving the Group such as approval of quarterly and annual results, budgets, reviewing the adequacy and integrity of the system of internal control as well as long term strategic planning for the Group.

1.2 Composition of Board of Directors

The Board currently has eight (8) members, comprising the Executive Chairman, the Managing Director, three (3) Executive Directors and three (3) Independent Non-Executive Directors. With this composition, the Board satisfies the requirement of having at least one third of its members as Independent Directors. All the Independent Directors are independent of the management and are free from any business or other relationship that would materially interfere with the exercise of their independent judgement. The Board is of the view that three (3) Independent Directors fairly reflect the interests of the minority shareholders. The Directors, with their different background and specialisation, collectively bring with them a wide range of experience and expertise to enable the Board in discharging its duties and responsibilities effectively. The profiles of the Director are presented on pages 5 to 7 of this Annual Report.

To ensure a balance of power and authority, the role of the Executive Chairman and the Managing Director are separately and clearly defined. The Executive Chairman is responsible for ensuring Board effectiveness and standards of conduct, whilst the Managing Director has overall responsibilities over the operating units, organizational effectiveness and implementation of Board policies and decisions.

The Board has also identified Tan Sri Dato' Ahmad Sabki Bin Jahidin as the Senior Independent Non-Executive Director to whom any concerns regarding the Group may be conveyed.

1.3 Board Meetings and Supply of Information

A formal time schedule of Board Meetings is determined in advance for every financial year. In addition to quarterly Board Meetings, special Board Meetings are convened on an ad-hoc basis to consider matters that require the Board's urgent decision.

For the financial year ended 31 December 2007, two (2) Board Meetings were held since the Company was listed on the 29 June 2007. Details of the Board attendance are as set out in page 3 of this Annual Report.

The Directors have full and timely access to information, with notices of the Board Meetings and, where applicable, board papers for each agenda item distributed in advance of each Board Meeting to ensure that Directors have sufficient time to review and consider the items to be discussed at the Board Meeting.

Minutes of every Board Meetings are circulated to each Director for their perusal prior to confirmation of the minutes at the following Board Meeting. In the intervals between Board Meetings, for any matters requiring Board decisions, Board approvals are obtained through circular resolutions. The resolutions passed by way of circular resolutions are ratified in the next Board Meeting.

The Directors have access to the advice and services of the Company Secretary and the senior management staff and under appropriate circumstances may seek independent professional advice at the Company's expense, in furtherance of their duties.

1.4 Appointment to the Board

In order to comply with good practice for the appointment of new directors as well as the proposed re-appointment/re-election of directors through a formal and transparent procedure, the Board has set up a Nomination Committee, which comprised exclusively of Non-Executive Directors, to evaluate any new appointment, proposed re-appointment/re-election of directors before recommending the same to the Board for their approval.

1.5 Retirement and Re-election of Directors

In accordance with the Company's Articles of Association, all newly appointed directors are subject to retirement and are entitled for re-election at the next Annual General Meeting subsequent to their appointment. At least one-third of the remaining directors (including the Managing Director) were required to submit themselves for re-election by rotation at each annual general meeting. All directors shall retire from office at least once in 3 years but shall be eligible for re-election.

Directors over 70 years of age are required to submit themselves for re-appointment annually, in accordance with Section 129(6) of the Companies Act, 1965.

1.6 Directors' Training

The Company does not at present have a formal orientation programme for the newly appointed directors. Newly appointed directors, however, will be provided with relevant information pertaining to the Group, including visits to the Group's operating sites and meetings with senior management to facilitate their understanding of the nature of business and strategy of the Group.

All directors of the Company have completed the Mandatory Accreditation Programme ("MAP") in accordance with the Listing Requirements of the Bursa Malaysia Securities Berhad. Certain directors have attended courses/seminars from time to time to enhance their skills and knowledge and keep abreast with the relevant changes in laws, regulations and business environment in order to discharge their duties more effectively. The training programmes and seminars attended by the directors during the financial year included Joint Construction Contract Seminar, Directors' Continuing Education Programme and Macroeconomics. Though certain directors did not attend any training course during the financial year since the Company was listed on the 29 June 2007, the Board will continue to identify other training programs that can further enhance their knowledge in the latest development relevant to the Group to enable them to discharge their responsibilities effectively.

2. The Board Committees

To facilitate the smooth transaction of business within the Company, the Board has formed the following Board committees. All committees are provided with written terms of reference, which state clearly the extent and limits of their responsibility and authority. However, the ultimate responsibility for the final decision on all matters rests with the entire Board.

2.1 Audit Committee

The Audit Committee was formed on 20 June 2007 and the terms of reference of the Audit Committee, composition of its membership and other pertinent information and its activities are highlighted in the Audit Committee Report on pages 8 to 10 of this Annual Report.

2.2 Nomination Committee

Members

Siaw Sat Lin *(Chairman, Independent Non-Executive Director)*

Tan Sri Dato' Ahmad Sabki Bin Jahidin *(Senior Independent Non-Executive Director)*

Dato' Jaffar Indot *(Independent Non-Executive Director)*

The Nomination Committee, in its terms of reference, is tasked with the duty of making suitable recommendations to fill vacancies on the Board and its committees. In making these recommendations, the Nomination Committee considers the appropriate size and composition of the Board, required mix of responsibilities, skills and experience, which the directors should bring to the Board. The Nomination Committee will also assist the Board in reviewing on an annual basis the effectiveness of the Board and Board committees (including its size and composition) and of their members. Nonetheless, the approval for appointment of new Board or Committee Members rests with the Board as a whole.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. As the Nomination Committee was formed on 28 February 2008, no meeting held during the financial year ended 31 December 2007. After the financial year end, the first Nomination Committee meeting was held on 29 April 2008 and the Committee will be undertaking its full roles and responsibilities in the upcoming financial year.

2.3 Remuneration Committee

Members

Dato' Jaffar Indot *(Chairman, Independent Non-Executive Director)*

Tan Sri Dato' Ahmad Sabki Bin Jahidin *(Senior Independent Non-Executive Director)*

Siaw Sat Lin *(Independent Non-Executive Director)*

Dato' Seow Yong Chin *(Managing Director)*

The Remuneration Committee is responsible, amongst others, to review and recommend to the Board the remuneration framework of the Executive Directors and senior management staff. The determination of remuneration package of Non-Executive Directors is the responsibility of the Board as a whole. Individual directors will abstain from deliberations and voting on decisions in respect of their own remuneration.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. As the Remuneration Committee was formed on 28 February 2008, no meeting held during the financial year ended 31 December 2007. After the financial year end, the first Remuneration Committee meeting was held on 29 April 2008 and the Committee will be undertaking its full roles and responsibilities in the upcoming financial year.

Directors' Remuneration

The objective of the Company's policy on Directors' remuneration is to attract and retain experienced and capable directors to run the Group successfully. The remuneration package is linked to the corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual concerned.

The Directors' fees paid or payable by the Company, are approved by the shareholders at the Annual General Meeting, based on the recommendation of the Board.

Breakdown of Directors' remuneration for the financial year ended 31 December 2007, all paid through subsidiary companies, by category and in bands of RM50,000 are shown below:-

Category	Executive	Non-Executive
Fees (RM)	-	120,000
Salaries & Other Emoluments (RM)	926,532	-

Range of Remuneration (RM)	Executive	Non-Executive
<i>RM50,000 and below</i>	<i>1</i>	<i>2</i>
<i>RM50,001 – RM100,000</i>	<i>1</i>	<i>1</i>
<i>RM150,001 – RM200,000</i>	<i>1</i>	<i>-</i>
<i>RM200,001 – RM250,000</i>	<i>1</i>	<i>-</i>
<i>RM450,001 – RM500,000</i>	<i>1</i>	<i>-</i>

The Board has considered the disclosure of the details of the remuneration of each director and is of the view that the transparency and accountability aspects of corporate governance in relation to Directors' remuneration are appropriately served by the above disclosure of analysis by applicable bands of RM50,000, a disclosure required under the Listing Requirements of Bursa Malaysia Securities Berhad.

3. Relationship with Shareholders

Dialogue between the Company and Investors

The Board recognizes the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. Such information is disseminated via the Company's Annual Reports, Circular to Shareholders, quarterly financial results, announcements made from time to time and notices of general meeting published in one national newspaper to provide wider coverage of such notices to encourage shareholders participation. The shareholders may obtain the Group latest announcements via Bursa Malaysia Securities Berhad website at www.bursamalaysia.com.

The Annual General Meeting

The Annual General Meeting remains the principal forum for dialogue with shareholders where they may communicate, interact and clarify on the Group businesses. Executive Directors and, where appropriate, the Chairman of the Audit Committee, Financial Controller and the external auditors, are available to respond to shareholders' questions during the meeting. Where appropriate, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered on the spot.

For re-election of directors, the Board ensures that full information is disclosed through the Notice of Annual General Meeting regarding directors who are retiring and who are willing to serve if re-elected. Item of special business included in the Notice of the Annual General Meeting will be accompanied by an explanation of the effects of the proposed resolution.

4. Accountability and Audit

Financial Reporting

The Board aims to present a balanced, clear and understanding assessment of the Group's financial positions and prospects in the annual financial statements and quarterly announcements to the shareholders, investors and the regulatory authorities.

The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness.

Directors' Responsibility Statement

The Directors are responsible for ensuring that the annual audited financial statements of the Company and the Group are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year, and of the income statement and cash flows of the Company and the Group for the financial year.

In preparing the annual audited financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured the adoption of applicable approved accounting standards; and
- prepared the financial statements on going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company and the Group have adequate resources to continue operations for the foreseeable future.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group, and to prevent and detect fraud and other irregularities.

Internal Control

Information on the internal control is presented in the Statement on Internal Control laid out on pages 16 to 17 of this Annual Report.

Relationship with the Auditors

The Company, through the Audit Committee, has established a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the accounting standards of Malaysia.

The role of the Audit Committee in relation to the external auditors is stated on pages 8 to 10 of this Annual Report.

5. Compliance Statement

The Group had complied, throughout the year ended 31 December 2007, with all the best practices of corporate governance set out in Part 1 and Part 2 of the Code other than the requirement to establish a Risk Management Committee.

Establishment of a Risk Management Committee has not been effected as its functions are currently being carried out by the senior management. The Audit Committee has relied on the quarterly Risk Management Reports from various departments to identify and review the principal risk factors and controls existed to mitigate those risks pertaining to the key business processes of the Group.

STATEMENT ON INTERNAL CONTROL

Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of public listed companies to include in its annual report a statement about the state of internal control of the listed issuer as a group. The Board of Directors is committed to maintaining a sound system of internal control in the Group to safeguard shareholders' investment and the Group's assets. The Board is pleased to provide the following Statement on Internal Control which outlines the nature and scope of internal controls of the Group during the year and up to the date of this Annual Report.

RESPONSIBILITY

The Board recognises the importance of sound internal control and risk management practices to good corporate governance. The Board has overall responsibility for the Group's system of internal control and risk management, and for reviewing its adequacy and integrity. The review covers financial, operational and compliance controls of the Group. Due to the limitations that are inherent in any system of internal control, this system of internal control is designed to manage rather than eliminate the risk of failure to achieve its business objectives. The system serves to provide reasonable but not absolute assurance against material misstatement or loss. The concept of reasonable assurance recognises that the cost of control procedures shall not exceed the expected benefits.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives throughout the year under reviewed up to the date of this Annual Report. This process is reviewed by the Board through its Audit Committee.

The Board has engaged an independent professional firm, Centegy Governance Advisory Sdn Bhd, in April 2008 to provide internal audit services to the Group and to provide an independent and objective assurance to the Audit Committee on the adequacy and effectiveness of the system of internal control. Prior to this, the Audit Committee relied on discussion with the management and Executive Directors, review of quarterly financial statements and input from external auditors to discharge its duties.

INTERNAL CONTROL

The Board maintains full control and direction over appropriate strategic, financial, organizational and compliance issues. It entrusts the daily running of the business to the Managing Director ("MD") and his management team. The Board members receive timely information pertaining to the performance and profitability of the Group through quarterly Board papers, including relevant quantitative and qualitative analyses and trends. At quarterly Board Meetings, risk management reports were prepared and circulated to assist the Directors to assess the principal risks affecting the Group through discussion and deliberation of the strategic issues facing the businesses, and resolved on action plans designed to mitigate such risks.

The MD plays a pivotal role in communicating the Board's expectations of the system of internal control to management. This is achieved, on day-to-day basis, through his active participation in the operations of the business as well as attendance at scheduled management and operational level committee meetings where operational and financial risks, amongst others, are discussed and dealt with. Where appropriate, significant issues are highlighted and discussed at Board level.

The departmental heads are entrusted to provide support and shall be responsible to ascertain risk management principles and standard operating procedures for all operational risks identified for the Group. Amongst others, the departmental heads are:-

- to identify and evaluate significant business and operational risks applicable to their respective area of business;
- to evaluate internal management capabilities to manage these risks;
- to quantify favorable or unfavorable factors with each identified risk; and
- to provide feedback to Audit Committee with information on the risk profiles of the entire Group.

STATEMENT ON INTERNAL CONTROL *(cont'd)*

For the financial year ended 31 December 2007, the Board has reviewed internal controls of the Group, key elements of which include:-

- a) Well defined management structure with clear lines of responsibility, delegation of authority, segregation of duties and information flow. Besides the predominantly non-executive standing committees such as the Audit, Nomination and Remuneration Committees, the Board is supported operationally by Executive Committee (“EXCO”).
- b) Well defined business plans and budgets were reviewed at various levels of management, such as subsidiaries’ Board and divisional levels before they are approved by the Board. The Group business plan and budget is then presented to the Board for approval. In preparing these business plans, management will identify and report on the business objectives, strengths, weaknesses, opportunities, threats and key potential risks faced, and action plans are formulated thereon.
- c) Quarterly performance reports are produced by the Group and the comparison with the approved budgets are reviewed. Reports are then consolidated and reviewed by the Board. Significant variances will be followed up and appropriate management action taken where necessary.
- d) The Audit Committee and Board are kept updated with the status of the key risk profile on a quarterly basis through Risk Management Reports prepared by various departmental heads.
- e) Regular visits to the operating units and project sites by the management team.
- f) The EXCO is entrusted with the responsibilities for the running of the Group’s day-to-day operation and review constantly the significant risk faced by the Group. The EXCO meets regularly to consider and review on various matters relating to operational matters, internal controls, operational procedures, projects budgets, credit controls and work progresses and, where appropriate, makes recommendations to the Board of Directors on changes and improvements to the Group’s system of internal control, major capital expenditure, major investments or divestment affecting the Group.

The effectiveness of the Group’s system of internal control is continuously being reviewed and updated by the Board through the Audit Committee in accordance with the changes in the operating environment. The Board is of the view that the current system of internal control is in the place throughout the Group during the financial year and is sufficient to safeguard the Group’s interest.

No significant control failure or weaknesses that would result in material losses and require disclosure in the Group’s Annual Report were identified during the financial year under review.

CHAIRMAN'S STATEMENT

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

CORPORATE DEVELOPMENT

The restructuring scheme ("Scheme") was successfully implemented and completed on 29 June 2007 following the listing and quotation of the Company's securities on the Bursa Malaysia Securities Berhad ("Bursa Securities") on even date in place of Sycal Berhad.

OPERATIONAL PERFORMANCE FOR 2007

(i) Overall Group's Performance

Construction activities remained the core business of the Group and contributed approximately 71% of the Group's revenue for 2007. Backed by a construction order book of approximately RM319 million at the beginning of 2007, the Group recorded revenue of RM89 million for the year ended 31 December 2007 (before netting off pre-acquisition revenue of RM56 million for the period from 1 January 2007 to 29 June 2007).

Group's post-acquisition consolidated net loss for the year was RM165.8 million. The current year net loss is mainly made up of net goodwill on consolidation written off of RM162.4 million in relation to the acquisitions of Sycal Berhad Group, Sycal Properties Sdn Bhd ("SPSB") and Sycal Resorts Sdn Bhd ("SRSB"), expenses of RM1.29 million incurred in relation to the restructuring scheme, interest expense on 3% 5-year Redeemable Convertible Secured Loan Stocks ("RCSLS") of RM1.25 million and amortisation of discount on 0% 3-year Irredeemable Convertible Unsecured Loan Stocks A ("ICULS-A") of RM1.89 million.

(ii) Construction Activities

The construction subsidiary, Sycal Berhad ("SB"), had successfully completed several construction contracts with total contract value amounting to approximately RM76 million and successfully secured new construction contracts worth approximately RM87 million in 2007.

The current construction order book of SB is approximately RM329 million.

(iii) Development Activities

With the completion of the Scheme, the Group has added into its development portfolio 3 new development projects in Cheras (Kuala Lumpur), Bukit Gambir (Penang) and Lumut through 2 newly acquired development subsidiaries, namely SPSB and SRSB. The estimated balance gross development value and construction/development costs from these 3 new development projects is RM160 million and RM95 million respectively.

The Company has also in October 2007 entered into joint venture with a third party to jointly develop 122 units of shop lots and 92 units of residential houses in Taiping, Perak with estimated gross development value and construction/development costs of RM77 million and RM61 million respectively.

Apart from the above stated development projects, the Group also has development projects in Skudai and Kulai, Johor Bahru with total estimated balance gross development value and construction/development costs of RM105 million and RM65 million respectively.

CHAIRMAN'S STATEMENT *(cont'd)*

PROSPECTS

The Company will continue to actively participate in suitable tenders, in particular, from the Government for the construction of schools, universities, hospitals and public housing, where the Group has an established track record.

The Directors are of the view that, with the Group's construction order book of approximately RM329 million and the expected increase in development activities with the injection of new development projects as mentioned above, the overall operational performance for the year ending 31 December 2008 is expected to be better compared to previous year.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to express our sincere appreciation and thanks to the management and staff for their hard work, loyalty and commitment to the Group during the past years.

To our shareholders, bankers, clients, business associates, the government and regulatory authorities, I would like to thank them for their understanding and continued support.

Chairman
Dato' Sri Haji Abd Rahim Bin Haji Abdul

.....
29 April 2008

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are set out in Note 5 to the financial statements.

All the subsidiary companies were acquired pursuant to a composite restructuring scheme undertaken by Sygal Berhad (formerly known as Cygal Berhad) during the year. Otherwise, there have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	<u>GROUP</u> <u>RM'000</u>	<u>COMPANY</u> <u>RM'000</u>
Net loss for the financial year	(165,841)	(4,508)
Attributable to:		
Equity holders of the Company	(165,859)	(4,508)
Minority interests	18	-
	<u>(165,841)</u>	<u>(4,508)</u>

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 other than the following exceptional items as disclosed in Note 33 to the financial statements:

- (a) the effect arising from the expenses incurred for the composite restructuring scheme resulting in a loss of RM1.292 million of the Group and of the Company;
- (b) the effect of the impairment loss recognised on goodwill arising from the acquisition of subsidiary companies pursuant to the composite restructuring scheme, resulting in a loss of RM169.913 million of the Group; and
- (c) the effect of the recognition of negative goodwill to income statement which arose from the acquisition of subsidiary companies pursuant to the composite restructuring scheme, resulting in a gain of RM7.54 million of the Group.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend payment for 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.

SHARE CAPITAL

During the financial year, the Company increased its issued and paid-up share capital from RM2 to RM88,305,502 pursuant to the composite restructuring scheme as disclosed in Note 41.

Details of the movements in the share capital are disclosed in Note 25 to the financial statements.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares in the Company.

OTHER FINANCIAL INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance have been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- (a) which would render the amounts written off as bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of the assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

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

Dato' Sri Haji Abd Rahim Bin Haji Abdul
 Dato' Seow Yong Chin
 Tan Sri Dato' Ahmad Sabki Bin Jahidin
 Chin Kok Wah
 Dato' Jaffar Indot
 Siaw Sat Lin
 Syed Zain Al-Kudcy Bin Dato' Syed Mahmood
 Mohd Rashid Bin Mat Ali

In accordance with Article 79 of the Company's Articles of Association, Chin Kok Wah and Siaw Sat Lin retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Section 129 of Companies Act, 1965, Dato' Jaffar Indot and Tan Sri Dato' Ahmad Sabki Bin Jahidin retire and being eligible, offer themselves for re-appointment.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and Warrants of the Company and its related corporations during the financial year were as follows:

	←———— Number of ordinary shares of RM1.00 each —————→				
	<u>As At</u> <u>1.1.2007</u>	Composite restructuring scheme	Bought	(Sold)	<u>As At</u> <u>31.12.2007</u>
<u>Direct interest</u>					
Dato' Seow Yong Chin	-	10,176,290	10,000,000	(1,352,145)	18,824,145
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	-	7,246,326	-	(3,256,413)	3,989,913
Indirect interest by virtue of shares held in Cygal Holdings Sdn. Bhd. in which the directors have interests					
Dato' Seow Yong Chin	-	37,584,198	-	(10,000,000)	27,584,198
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	-	37,584,198	-	(10,000,000)	27,584,198
	←———— Number of Warrants —————→				
	<u>As At</u> <u>1.1.2007</u>	Composite restructuring scheme	Bought	(Sold)	<u>As At</u> <u>31.12.2007</u>
Indirect interest by virtue of Warrants held in Cygal Holdings Sdn. Bhd. in which the directors have interests					
Dato' Seow Yong Chin	-	23,211,130	-	(1,291,400)	21,919,730
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	-	23,211,130	-	(1,291,400)	21,919,730

Other than as shown above, the directors who have substantial interest in the shares of the Company are also deemed to have an interest in the shares of the subsidiary companies to the extent the Company has an interest.

DIRECTORS' INTERESTS (CONT'D)

None of the other Directors in office at the end of the year had any interest in shares, ICULS, and Warrants of the Company or its related corporations during the year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate of the emoluments received or due and receivable by the directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

SIGNIFICANT EVENTS

Significant events during the year are disclosed in Note 41 to the financial statements.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the balance sheet date are disclosed in Note 42 to the financial statements.

AUDITORS

The auditors, Messrs. SC Associates, have expressed their willingness to continue in office.

On behalf of the Board

DATO' SEOW YONG CHIN

SYED ZAIN AI-KUDCY BIN DATO' SYED MAHMOOD

Kuala Lumpur
Date: 29 April 2008

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being two of the directors of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 27 to 70, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of the operations, changes in equity and the cash flows of the Group and of the Company for the financial year ended on that date.

On behalf of the Board

DATO' SEOW YONG CHIN

SYED ZAIN AI-KUDCY BIN DATO' SYED MAHMOOD

Kuala Lumpur

Date: 29 April 2008

STATUTORY DECLARATION

I, Dato' Seow Yong Chin, NRIC No. 591031-08-6095, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 27 to 70, 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 above-named
Dato' Seow Yong Chin at Kuala Lumpur in Wilayah Persekutuan
on 29 April 2008

Before me:

COMMISSIONER FOR OATHS

Kuala Lumpur, Malaysia

REPORT OF THE AUDITORS TO THE MEMBERS OF
SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 27 to 70 of Sycal Ventures Berhad.

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

We conducted our audit in accordance with applicable Approved Auditing Standards in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the adequacy of the presentation of the information in the financial statements.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company, and
 - (ii) the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date;

and

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

The names of the subsidiary companies of which we have not acted as auditors are indicated in Note 5 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' report thereon.

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the Companies Act, 1965.

SC ASSOCIATES
[No : AF - 0891]
Chartered Accountants

HAU WAN HOCK
[No : 1703/02/09(J)]
Partner

Kuala Lumpur.
Date: 29 April 2008

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 DECEMBER 2007

		GROUP	COMPANY	
		2007	2007	2006
	NOTE	RM'000	RM'000	RM'000
NON-CURRENT ASSETS				
Property, plant and equipment	4	1,818	-	-
Interest in subsidiary companies	5	-	63,316	-
Other investments	6	153	-	-
Land held for property development and property development costs	7	68,053	-	-
		<hr/>		
		70,024	63,316	-
CURRENT ASSETS				
Held-for-sale properties		1,610	-	-
Inventories	8	10,010	-	-
Trade receivables	9	39,934	-	-
Property development costs	10	24,022	-	-
Joint-venture development costs	11	9,222	-	-
Due from contract customers	12	62,404	-	-
Amount due by related parties	13	40,309	-	-
Amount due by related companies	14	-	2,605	-
Amount due by subsidiary companies	15	-	278,381	-
Tax recoverable	16	2,315	-	-
Other receivables, deposits and prepayments	17	4,347	-	-
Fixed and security deposits	18	661	-	-
Cash and bank balances		4,139	233	- *
		<hr/>		
		198,973	281,219	-
CURRENT LIABILITIES				
Trade payables	19	23,284	-	-
Due to contract customers	12	14,563	-	-
Amount due to related parties	13	183	-	-
Amount due to directors	20	267	3	2
Other payables, deposits received and accruals	21	7,196	1,293	4
Hire purchase payables	22	41	-	-
Bank borrowings	23	4,174	-	-
Provisions	24	359	-	-
Tax liabilities		21,367	-	-
		<hr/>		
		71,434	1,296	6
NET CURRENT ASSETS / (LIABILITIES)				
		<hr/>		
		127,539	279,923	(6)
		<hr/>		
		197,563	343,239	(6)
		<hr/>		

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

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 DECEMBER 2007

		GROUP	COMPANY	
		2007	2007	2006
	NOTE	RM'000	RM'000	RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share capital	25	88,306	88,306	- *
3 year zero coupon irredeemable convertible unsecured loans stocks 2007/2010 (ICULS A)	26	132,256	132,256	-
3 year zero coupon irredeemable convertible unsecured loans stocks 2007/2010 (ICULS B)	27	43,900	43,900	-
5 year 3% redeemable convertible secured loans stocks 2007/2012	28	63,099	63,099	-
Reserves	29	(165,629)	(4,514)	(6)
		161,932	323,047	(6)
MINORITY INTERESTS		1,502	-	-
TOTAL EQUITY		163,434	323,047	(6)
NON-CURRENT LIABILITIES				
Hire purchase payables	22	76	-	-
Bank borrowings	23	1,472	-	-
5 year 3% redeemable convertible secured loans stocks 2007/2012	28	20,192	20,192	-
Deferred tax liabilities	30	12,389	-	-
		34,129	20,192	-
		197,563	343,239	(6)

* Denote: RM2.00

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

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

**INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

		GROUP	COMPANY	
		2007	2007	2006
	NOTE	RM'000	RM'000	RM'000
REVENUE	31	33,418	-	-
COST OF SALES	32	(27,612)	-	-
GROSS PROFIT		5,806	-	-
OTHER OPERATING INCOME		2,759	-	-
DISTRIBUTION COSTS		(57)	-	-
ADMINISTRATION EXPENSES		(4,090)	(21)	(1)
OTHER OPERATING EXPENSES		(2,155)	(56)	-
PROFIT / (LOSS) FROM OPERATIONS		2,263	(77)	(1)
FINANCE COSTS		(3,384)	(3,139)	-
		(1,121)	(3,216)	(1)
EXCEPTIONAL ITEMS	33	(163,665)	(1,292)	-
LOSS BEFORE TAXATION	34	(164,786)	(4,508)	(1)
TAXATION	35	(1,055)	-	-
LOSS AFTER TAXATION		(165,841)	(4,508)	(1)
ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE COMPANY		(165,859)	(4,508)	(1)
MINORITY INTEREST		18	-	-
LOSS FOR THE FINANCIAL YEAR		(165,841)	(4,508)	(1)
NET LOSS PER SHARE (SEN)				
- BASIC	36	(369)		
- DILUTED	36	(51)		

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

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

<u>THE GROUP</u>	Issued Capital RM'000	ICULS A RM'000	ICULS B RM'000	RCSLS RM'000	Translation Reserves RM'000	Accumulated Losses RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 January 2007	- *	-	-	-	-	(7)	(7)	-	(7)
Share exchange:-									
Issue of 35,833,500 new ordinary shares of RM1.00 each of the Company ("SVB Shares") in the exchange of 47,778,000 Sycal Berhad's ordinary shares of RM1.00 each on the basis of 3 new SVB Shares for every 4 Sycal Berhad's shares held	35,834	-	-	-	-	-	35,834	-	35,834
Rights issue:-									
25,000,000 new ordinary shares ("Rights Shares") together with up to 25,000,000 new detachable warrants ("Warrants") for free at an issue price of RM1.00 per Rights Share on the basis of 8 Rights Shares with 8 Warrants for every 7 SVB Shares held after the share exchange	25,000	-	-	-	-	-	25,000	-	25,000
Issue of 27,472,000 new ordinary shares of RM1.00 each for acquisition of the subsidiary companies	27,472	-	-	-	-	-	27,472	-	27,472
Issue of 141,603,324 ICULS A at 92% of nominal value of RM1.00 each, net of amortisation of discount on issuance of ICULS A	-	132,256	-	-	-	-	132,256	-	132,256
Issue of 43,900,260 ICULS B at nominal value of RM1.00 each	-	-	43,900	-	-	-	43,900	-	43,900
Issue of 83,290,604 RCSLS at nominal value of RM1.00 each - Equity component	-	-	-	63,099	-	-	63,099	-	63,099
Acquisition of subsidiary companies	-	-	-	-	-	-	-	1,484	1,484
Translation difference, representing gain not recognised in the income statement	-	-	-	-	237	-	237	-	237
Net loss for the financial year	-	-	-	-	-	(165,859)	(165,859)	18	(165,841)
Total income and expense recognised during the year	-	-	-	-	237	(165,859)	(165,622)	18	(165,604)
At 31 December 2007	88,306	132,256	43,900	63,099	237	(165,866)	161,932	1,502	163,434

* Denote: RM2.00

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

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

<u>THE COMPANY</u>	Issued Capital RM'000	ICULS A RM'000	ICULS B RM'000	RCSLS RM'000	Accumulated Losses RM'000	Total RM'000
At 1 January 2006	- *	-	-	-	(5)	(5)
Net loss for the financial year	-	-	-	-	(1)	(1)
At 31 December 2006	-	-	-	-	(6)	(6)
Share exchange:-						
Issue of 35,833,500 new ordinary shares of RM1.00 each of the Company ("SVB Shares") in the exchange for 47,778,000 Sycal Berhad's ordinary shares of RM1.00 each on the basis of 3 new SVB Shares for every 4 Sycal Berhad's shares held	35,834	-	-	-	-	35,834
Rights issue:-						
25,000,000 new ordinary shares ("Rights Shares") together with up to 25,000,000 new detachable warrants ("Warrants") for free at an issue price of RM1.00 per Rights Share on the basis of 8 Rights Shares with 8 Warrants for every 7 SVB Shares held after the share exchange	25,000	-	-	-	-	25,000
Issue of 27,472,000 new ordinary shares of RM1.00 each for acquisition of the subsidiary companies	27,472	-	-	-	-	27,472
Issue of 141,603,324 ICULS A at 92% of nominal value of RM1.00 each, net of amortisation of discount on issuance of ICULS A	-	132,256	-	-	-	132,256
Issue of 43,900,260 ICULS B at nominal value of RM1.00 each	-	-	43,900	-	-	43,900
Issue of 83,290,604 RCSLS at nominal value of RM1.00 each - Equity component	-	-	-	63,099	-	63,099
Net loss for the financial year	-	-	-	-	(4,508)	(4,508)
At 31 December 2007	88,306	132,256	43,900	63,099	(4,514)	323,047

* Denote: RM2.00

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

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

**CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

	GROUP	COMPANY	
	2007	2007	2006
NOTE	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation	(164,786)	(4,508)	(1)
Adjustments for:			
Allowance for doubtful debts - specific	877	-	-
Amortisation of discount on issuance of ICULS A	1,889	1,889	-
Depreciation of property, plant and equipment	115	-	-
Gain on disposal of plant and equipment	(1,245)	-	-
Impairment loss on goodwill arising from consolidation	169,913	-	-
Interest expenses	1,495	1,250	-
Interest income	(89)	-	-
Loss on foreign exchange - unrealised	151	-	-
Negative goodwill recognised to income statement	(7,540)	-	-
Reversal of impairment loss on other investments	(2)	-	-
Short term accumulating compensated absences	(139)	-	-
Operating loss before working capital changes	639	(1,369)	(1)
Decrease in inventories	98	-	-
Decrease in receivables	121,542	-	-
Decrease in property development costs	8,357	-	-
Increase in joint-venture development costs	(9,222)	-	-
Increase in amount due by contract customers	(47,841)	-	-
Increase in amount due by related parties	(40,126)	-	-
Decrease in payables	(53,804)	40	1
Cash used in operations	(20,357)	(1,329)	-
Interest paid	(245)	-	-
Interest received	89	-	-
Tax paid	(2,546)	-	-
Net cash outflow from operating activities	(23,059)	(1,329)	-

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

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

**CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

		GROUP	COMPANY	
		2007	2007	2006
	NOTE	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary companies	5	(675)	(10)	-
Advances to related companies		-	(2,605)	-
Advances to subsidiary companies		-	(20,823)	-
Proceeds from disposal of plant and equipment		1,246	-	-
Purchase of plant and equipment		(22)	-	-
Net cash inflow / (outflow) from investing activities		549	(23,438)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment to hire purchase arrangements		(45)	-	-
Repayment of fixed loans		(1,325)	-	-
Proceeds from rights issue		25,000	25,000	-
Net cash inflow from financing activities		23,630	25,000	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,120	233	-
EFFECT OF EXCHANGE RATE CHANGES		237	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		-	- *	- *
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	37	1,357	233	- *

* Denote: RM2.00

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

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in Malaysia under the Companies Act, 1965 and is domiciled in Malaysia.

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are set out in Note 5 to the financial statements.

All the subsidiary companies were acquired pursuant to a composite restructuring scheme undertaken by Sycal Berhad (formerly known as Cygal Berhad) during the year. Otherwise, there have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The registered office of the Company is located at:

Lot 4.03A,
4th Floor, Plaza Prima,
4 1/2 Miles, Jalan Kelang Lama,
58200 Kuala Lumpur.

The principal place of business of the Company is located at:

Lot 4.21,
4th Floor, Plaza Prima,
4 1/2 Miles, Jalan Kelang Lama,
58200 Kuala Lumpur.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies' Act 1965, and the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities ("FRS").

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

(a) Changes in accounting policies

On 1 January 2007, the Group adopted the following relevant revised FRS and Amendment to FRS:

FRS 117:	Leases
FRS 124:	Related Party Disclosures
Amendment to FRS 119 ²⁰⁰⁴ :	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of the above does not materially affect the current year's financial statements and does not result in any adjustments to the opening balances of retained profits of the prior and current year.

(b) FRS not yet effective

The Group has not applied the following FRS which are relevant to the Group's operations that have been issued but are only effective for financial periods beginning on or after 1 July 2007 except for FRS 119 and 126 which have the same effective dates as their original Standards:

FRS 107:	Cash Flow Statement
FRS 111:	Construction Contract
FRS 112:	Income Taxes
FRS 118:	Revenue
FRS 119:	Employee Benefits
Amendment to FRS 121:	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 126:	Accounting and Reporting by Retirement Benefit Plans
FRS 137:	Provisions, Contingent Liabilities and Contingent Assets

The Group will apply the above FRS from financial year beginning 1 January 2008.

The Group also has not early adopted FRS 139 Financial Instruments: Recognition and Measurement, for which the effective date of application has been deferred.

The Group does not expect that adoption of the above standards will have a material impact on the Group's financial statements in the period of initial application.

2.2 Basis of Consolidation

(a) Subsidiaries

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Consolidation (Cont'd)

(a) Subsidiaries (cont'd)

Under the purchase method of accounting, subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the income statement on the date of acquisition.

In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

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

(b) Minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are attributed to the equity holders of the Company until the minority's share of losses previously absorbed by the equity holders of the Company has been recovered.

They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property, plant and equipment

(a) Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

(b) Depreciation

Property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, to their residual values over their estimated useful lives, summarised as follows:

	<u>Useful lives</u>
Freehold office lots and buildings	50 years
Plant and machinery	8 to 10 years
Motor vehicles	5 years
Aircraft parts and equipment	5 years
Office equipment, furniture and fittings	5 to 13 years

(c) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(d) Disposals

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

2.4 Investments

(a) Investment in subsidiaries

Investment in subsidiaries are stated at cost less accumulated impairment losses.

(b) Other non-current investments

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

(c) Disposal

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Land Held for Property Development and Property Development Costs

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.21.

Land held for property development is reclassified as property development costs (under current assets) 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 of 2 to 4 years.

(b) Joint-venture development project

Land held for property development under joint-venture arrangement is classified within current assets and is stated at cost less any accumulated impairment losses.

(c) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

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

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

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

Completed units of development properties not sold at balance sheet date are transferred to inventories as current assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Held-for-sale properties

Held-for-sale properties comprises completed units of land and / or buildings acquired with a view to their subsequent disposals and are stated at the lower of carrying amount and fair value less costs to sell.

Held-for-sale properties are not depreciated.

2.7 Inventories

Inventories of completed units of development properties not sold at balance sheet date are stated at the lower of cost and net realisable value. The cost of unsold completed units of development properties is determined by an allocation of the accumulated development cost of each individual unit by specific identification or when this is not possible, in accordance with their relative sales values or profits contributions. Cost includes the relevant cost of land, development expenditure and related interest cost incurred during the development period.

Other inventories are stated at the lower of cost, determined on the first-in-first-out basis as applicable or net realisable value. Cost includes the actual cost of materials and incidentals in bringing the inventories to their present location and condition.

In arriving at the net realisable value, due allowance is made for obsolete and slow moving inventories.

2.8 Receivables

Receivables are carried at invoice amount less an allowance for doubtful debts. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

Trade receivables are stated after deducting claims for contract works not certified.

2.9 Construction Contracts

Contracts work-in-progress are stated at cost, and where appropriate, include attributable profit less allowance for foreseeable losses and progress payments received and receivable. Cost includes the actual cost of materials, labour and other incidental expenses incurred in the construction contracts.

The excess of cost incurred plus recognised profit less allowance for foreseeable losses and progress billings received and receivable is shown as "Amount due from contract customers" under current assets. The deficit, if any, is shown as "Amount due to contract customers" under current liabilities.

2.10 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Payables

Payables are stated at their nominal values which are the fair values of the consideration to be paid in the future for goods and services received.

2.12 Related party

The Company treats a related party (other than holding, subsidiary or associated company) as a company in which the shareholders and directors are substantially in common with those of the Company.

2.13 Provisions

Provisions are made when it is probable that an outflow of resources embodying economic benefits will be required to settle present obligations as a result of past events, and a reliable estimate can be made out of the amount of the obligation.

2.14 Leases

(a) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(b) Finance Leases

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine, otherwise, the Group's or Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as describe in Note 2.3 (b).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Borrowings

(a) Classification

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

(b) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred unless they are directly attributable to the acquisition, development and construction of development properties, in which case, the borrowing costs are capitalised as part of development expenditure. Capitalisation of borrowing costs ceases when the development properties are ready for their intended sale.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.17 Income Taxes

Tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in the equity, in which case it is recognised in equity.

Current tax is the expected amount of income tax payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets or liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Income Recognition

(a) Sale of development properties

Profit from sale of development properties is recognised on the percentage of completion method as described in Note 2.5(c). Anticipated losses are immediately recognised in the income statements.

The percentage of completion is measured by reference to the certified work done to date.

(b) Contract work not certified

Claims submitted but yet to be ascertained and certified / approved by the customers are not recognised.

(c) Construction contracts

Profit from construction contracts is recognised on the percentage of completion method unless the outcome of the construction contracts cannot be reliably determined in which case the completion method is used.

The percentage of completion is measured by reference to the certified work done to date.

(d) Sale of goods

Revenue from sale of goods and services is recognised based on invoiced value of services rendered and, or goods sold.

(e) Joint-venture development project

Entitlement under joint-venture project is recognised according to the terms under the Joint-Venture Agreement or upon receipt, as the case may be.

(f) Dividend income

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

2.19 Employee Benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

(b) Defined contribution plans

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Foreign Currencies

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for currency translation differences on net investment in foreign operations.

(c) Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) Income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 January 2006 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisitions prior to 1 January 2006, the exchange rates at the dates of acquisition were used.

The principal exchange rates (in unit of foreign currency per Ringgit Malaysia) used are as follows:

	Year-end rate		Average rate	
	2007	2006	2007	2006
Hong Kong Dollar	2.298	2.159	2.246	2.127

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Foreign Currencies (Cont'd)

(d) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign operations are taken to the foreign currency translation reserve. When a foreign operation is disposed of, such currency translation differences are recognised in the income statement as part of the gain or loss on disposal.

2.21 Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

2.22 Financial Instruments

Financial instruments are recognised in the Balance Sheet when the Group is a party to the contractual provisions of the instruments. The recognised financial instruments of the Group in the Balance Sheet comprise cash and cash equivalents, trade receivables and payables that arise directly from its operations, non-trade receivables and payables arising from transactions entered into in the normal course of business, borrowings, and ordinary share capital. The accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied, are disclosed above. The information on the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes to the financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.1 Construction contracts

Profit from construction contracts is the excess of contract revenue over contract cost.

The Group and the Company recognise contract revenue based on percentage of completion method. The stage of completion is measured by reference to the certified work done to date. Significant judgement is required in determining the stage of completion. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group and the Company relied on past experience and the work of specialists.

An estimation and judgement is also required in determining the estimated total contract costs. The Group and the Company relied on past experience and the work of specialists for such estimation and judgement made.

3.2 Recoverable amounts for property, plant and equipment, land held for property development and property development cost

The Group tests whether property, plant and equipment, land held for property development and property development cost have suffered any impairment, in accordance with the accounting policy stated in Note 2.21 above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require use of judgements and estimates.

3.3 Depreciation of property, plant and equipment

Property, plant and equipment is depreciated on the straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and machinery to range between 5 and 50 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2007 was RM1.818 million. 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. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

3.4 Allowance for impairment of receivables

The Group and the Company makes allowance for impairment of receivables based on an assessment of the recoverability of trade receivables and other receivables. Allowances for impairment of receivables are applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and the allowance for impairment of receivables in the period in which such estimate has been changed.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

COST	Freehold office lots and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Aircraft parts and equipment RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
At 1 January 2007	-	-	-	-	-	-
Acquisition of subsidiary companies	1,314	49,715	7,201	3,979	3,064	65,273
Additions	-	3	-	-	19	22
Disposals	-	(10,660)	-	(81)	-	(10,741)
Written off	-	(490)	-	-	-	(490)
Translation difference	-	-	-	(169)	(1)	(170)
At 31.12.2007	1,314	38,568	7,201	3,729	3,082	53,894
ACCUMULATED DEPRECIATION	Freehold office lots and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Aircraft parts and equipment RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
At 1 January 2007	-	-	-	-	-	-
Acquisition of subsidiary companies	354	49,283	6,912	3,979	2,833	63,361
Charge for the year	12	20	49	-	34	115
Disposals	-	(10,659)	-	(81)	-	(10,740)
Written off	-	(490)	-	-	-	(490)
Translation difference	-	-	-	(169)	(1)	(170)
At 31.12.2007	366	38,154	6,961	3,729	2,866	52,076
NET BOOK VALUE						
At 31.12.2007	948	414	240	-	216	1,818

Included in the net book value of property, plant and equipment of the Group are motor vehicles amounted to RM216,302 acquired under hire purchase arrangement for which instalments are still outstanding at the balance sheet date.

5. INTEREST IN SUBSIDIARY COMPANIES

	COMPANY	
	2007 RM'000	2006 RM'000
Unquoted shares - at cost	63,316	-

Unless indicated otherwise, all the subsidiary companies are incorporated in Malaysia and have the same financial year-end as the Company. The details of the subsidiary companies are as follows:

<u>Name of subsidiary companies</u>	<u>Effective Equity Interest</u>		<u>Principal Activities</u>
	2007 %	2006 %	
Sycal Berhad (formerly known as Cygal Berhad) ("Sycal")	100	-	Investment holding and contractor for building and civil engineering
<i>and its subsidiaries:</i>			
Sycal Kulai Sdn. Bhd. (formerly known as Bukit Kempas Development Sdn. Bhd.)	100	-	Property development
Cygal Construction Sdn. Bhd.	100	-	Dormant
Sycal Plant & Machinery Sdn. Bhd. (formerly known as Cygal Plant & Machinery Sdn. Bhd.)	100	-	Contractor for civil engineering
Cygal Industries Sdn. Bhd.	100	-	Dormant
Cygal Trading Sdn. Bhd.	100	-	Dormant
Sycalland Development Sdn. Bhd. (formerly known as Cygalland Development Sdn. Bhd.)	100	-	Property development
Southhost Sdn. Bhd.	100	-	Investment holding
Cygal Hotel Management Services Sdn. Bhd.	98	-	Dormant
Cygal Entertainment Sdn. Bhd.	82	-	Dormant
Sycal Concrete Sdn. Bhd. (formerly known as Cygal Concrete Sdn. Bhd.)	70	-	Manufacturing and trading in ready mix concrete
Sycal Geotechnics Sdn. Bhd. (formerly known as Cygal Geotechnics Sdn. Bhd.)	70	-	Bored piling contractor
*# United Golden Mile Aviation Ltd	71	-	Leasing of aircraft parts and equipment and provision of related services
Sycal Properties Sdn. Bhd. (formerly known as Cygal Properties Sdn. Bhd.) ("SPSB")	100	-	Property development
<i>and its subsidiary:</i>			
Sycal Properties Management Sdn. Bhd. (formerly known as Cygal Properties Management Sdn. Bhd.) ("SPMSB")	100	-	Providing properties management and maintenance services
# Sycal Resorts Sdn. Bhd. (formerly known as Laudable Invention Sdn. Bhd.) ("SRSB")	99.98	-	Property development and investment holding

5. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

- * A company incorporated in Hong Kong.
- # Subsidiary companies audited by another firm of auditors.

Acquisition of subsidiary companies

In conjunction with the composite restructuring scheme, Sycal, SPSB and SRSB became the subsidiary companies of the Company during the year via the exchange of shares as follows:

- (i) On 28 May 2007, the Company issued 35,833,500 new ordinary shares of RM1.00 each ("SVB Shares") in the exchange for 47,778,000 ordinary shares of RM1.00 each in Sycal on the basis of 3 new SVB Shares for every 4 Sycal Shares held;
- (ii) On 29 June 2007, the Company subscribed for 9,998 ordinary shares of RM1.00 each in SRSB at par, representing 99.98% of the issued and paid-up share capital of SRSB followed by the acquisition of 815,055 redeemable preference shares of RM1.00 each in SRSB ("SRSB RPS"), representing the entire issued and paid-up SRSB RPS, for a total consideration of RM6,450,999 satisfied in cash of RM9,999 and the balance by way of issue 6,441,000 SVB Shares at an issue price of RM1.00 per SVB Share; and
- (iii) On 29 June 2007, the Company acquired 3,100,000 ordinary shares of RM1.00 each and 150,000 redeemable unconvertible preference shares of RM1.00 each in SPSB, representing the entire issued and paid-up ordinary shares capital and SPSB RPS of SPSB, for a total consideration of RM21,031,001 satisfied in cash of RM1.00 and the balance by way of issue of 21,031,000 SVB Shares at an issue price of RM1.00 per SVB Share.

The acquisition had the following effect on the Group's financial results for the year:

	2007 RM'000
Revenue	33,418
Profit from operations	2,341
Exceptional items	(162,373)
Net profit for the year	<u>(161,348)</u>

As at balance sheet date, the acquisition had the following effect on the financial position of the Group:

	2007 RM'000
Property, plant and equipment	1,818
Other investments	153
Land held for property development and property development costs	92,075
Held-for-sale properties	1,610
Inventories	10,010
Trade and other receivables	149,309
Joint-venture development costs	9,222
Fixed and security deposits	661
Cash and bank balances	3,906
Trade and other payables	(325,184)
Bank borrowings	(5,763)
Provisions	(359)
Tax liabilities	(21,367)
Deferred tax liabilities	(12,389)
	<u>(96,298)</u>

5. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

The fair values of the assets acquired and liabilities assumed from the date of acquisitions of the subsidiary companies were as follows:

	2007 RM'000
Property, plant and equipment	1,912
Other investments	151
Land held for property development and property development costs	100,432
Held-for-sale properties	1,610
Inventories	10,108
Trade and other receivables	166,700
Fixed and security deposits	1,029
Cash and bank balances	2,394
Trade and other payables	(340,701)
Bank borrowings	(7,778)
Provisions	(498)
Tax liabilities	(20,559)
Deferred tax liabilities	(12,373)
Minority interests	(1,484)
	<hr/>
Group's share of net assets	(99,057)
Goodwill on acquisition	169,913
Negative goodwill arising from consolidation	(7,540)
	<hr/>
Cost of acquisition	<u>63,316</u>
Purchase consideration satisfied by:	
- Cash	10
- Ordinary shares issued	63,306
	<hr/>
	<u>63,316</u>
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash	(10)
Cash and cash equivalents of subsidiaries acquired	
- Fixed and security deposits, net of deposits pledged	529
- Cash and bank balances	2,394
- Bank overdraft	(3,588)
	<hr/>
	(665)
	<hr/>
Net cash outflow of the Group	<u>(675)</u>

6. OTHER INVESTMENTS

	GROUP 2007 RM'000
Unquoted shares - at cost	7,890
Less: Accumulated impairment losses	7,890
	-
Shares quoted in Malaysia - at cost	6
Less: Accumulated impairment losses	3
	3
Transferable club membership	150
	153
Market value of quoted shares	3

7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

	Freehold Land RM'000	Development Expenses RM'000	Impairment Losses RM'000	Total RM'000
<u>GROUP</u>				
Cost				
Acquisition of subsidiary companies	42,788	25,595	(500)	67,883
Additions	-	170	-	170
At 31 December 2007	42,788	25,765	(500)	68,053

Freehold land of a subsidiary company with estimated carrying values of RM3.657 million are pledged as security for borrowings as disclosed in Note 23.

Freehold land of another subsidiary company with estimated carrying value of RM28.6 million is pledged as security for the Minimum Redemption Amount of the RCSLS as disclosed in Note 28.

8. INVENTORIES

	GROUP 2007 RM'000
At cost	
Completed units of development properties	9,811
Building materials	199
	10,010

9. TRADE RECEIVABLES

	GROUP 2007 RM'000
Trade receivables	76,360
Claims for contract works not certified	(988)
Allowance for doubtful debts	
Acquisition of subsidiary companies	(35,882)
Additions	(684)
Written back	255
Written off	179
At 31 December	(36,132)
	<hr/>
	39,240
Accrued billings	694
	<hr/>
	39,934
	<hr/> <hr/>

Included in the trade receivables is an amount of RM8,822,962 representing contract sum retained in relation to contracting work performed.

Trade receivables include an amount due of RM8,784,800 for which agreement has been reached for the settlement by instalment payments as follows:

	GROUP 2007 RM'000
Trade receivable:	
Within one year	8,785
Between one and five years	-
	<hr/>
	8,785
	<hr/> <hr/>

The above trade receivable has defaulted payment and has instead pay on its own accord instalments of much lesser sum than were originally agreed upon. An allowance of RM8.5 million has been made for doubtful debts in respect of this trade receivable.

Included in carrying value of trade receivables is an amount of RM19,034,304 receivable in respect of various sub-contract works done for Prima Ace Sdn Bhd.

The Group's normal trade credit term ranges from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

10. PROPERTY DEVELOPMENT COSTS

	GROUP 2007 RM'000
Property development costs at date of acquisition of subsidiary companies	
- Freehold land - at costs	31,138
- Development costs	34,696
	65,834
Add: Development costs incurred during the year	5,733
	71,567
Valuation deficit on freehold development land	(13,168)
Costs recognised as expenses in the income statement	
- Acquisition of subsidiary companies	(30,234)
- During the year	(3,725)
	(33,959)
Transfer to closing inventories	(418)
Property development costs at 31 December	24,022

11. JOINT-VENTURE DEVELOPMENT COSTS

	GROUP 2007 RM'000
Freehold land - at cost	13,142
Development costs	17,336
Property development costs incurred to date	30,478
Allowance for foreseeable loss	(8,400)
Valuation deficit on freehold development land	(11,428)
	10,650
Joint-venture entitlement received	(3,674)
Joint-venture profit recognised	2,246
	9,222

The Group entered into a joint-venture agreement dated 30 December 2004 with Ideal Concept Intelligence Sdn. Bhd. ("ICISB") to appoint the latter as the turnkey project manager for the property development on the Group's freehold land held under Lot no. 1524 & 1962, both of Mukim 13, Daerah Timur Laut, in the State of Penang and held under Grant no. 2076 & 2553 respectively (JV Agreement).

Under the terms of JV Agreement, ICISB shall, among others, design, construct, manage, finance, develop and sell the units to be developed on the land at its own cost. In consideration, ICISB shall pay to the Group RM23 million plus developed property with aggregate sales value of RM1.5 million ("the Group's Entitlement"). A deposit sum of RM500,000 has been received by the Group upon execution of the agreement, and the balance entitlement of RM22.5 million shall be paid progressively at the agreed time frame as follows:

11. JOINT-VENTURE DEVELOPMENT COSTS (CONT'D)

- (i) 38% of the proceeds and collections from the sale of the Commercial Units within fourteen days from the relevant collection by ICISB to a maximum of RM7.5 million; and
 - (ii) 25% of the proceeds and collections from the sale of Residential Units within fourteen days from the relevant collection by ICISB to a maximum of RM15 million.
- or
- (i) an amount equivalent to 50% of total entitlement within three years from the effective date, with an extension of six months but subject to an interest of 10% per annum on the unpaid portion of the sum so due; and
 - (ii) total entitlement within forty eight months from the effective date; and an extension of six months subject to an interest of 10% per annum on the unpaid portion of the sum so due, if at least 60% of the entitlement has been received within forty eight months.

12. DUE BY / (TO) CONTRACT CUSTOMERS

	GROUP 2007 RM'000
Construction costs	1,463,473
Recognised profits less losses	74,777
Progress billings received and receivable	(1,490,409)
	<u>47,841</u>
Represented by:	
Due by contract customers	62,404
Due to contract customers	(14,563)
	<u>47,841</u>
Construction costs incurred during the year	<u>17,411</u>
Construction costs recognised as contract expenses during the year	<u>14,978</u>
Included in construction costs incurred during the financial year are:	
Depreciation of property, plant and equipment	577
Staff costs	2,058
Rental of equipment	526
Rental of site	58

13. AMOUNT DUE BY / (TO) RELATED PARTIES

	NOTE	GROUP 2007 RM'000
Amount due by:		
- Cygal Development Sdn. Bhd.	5	39,895
- Infratimur Sdn. Bhd.	3	414
		<hr/> 40,309 <hr/>
Amount due to:		
- Cygal Holdings Sdn. Bhd.	1,2,3,4	(81)
- Mahligai Harapan Sdn. Bhd.	2	(102)
		<hr/> (183) <hr/>

- 1) Company in which Dato' Seow Yong Chin is also a director.
- 2) Company in which Encik Syed Zain Al-Kudcy Bin Dato' Syed Mahmood is also a director.
- 3) Company in which Dato' Seow Yong Chin is also a substantial shareholder.
- 4) Company in which Encik Syed Zain Al-Kudcy Bin Dato' Syed Mahmood is also a substantial shareholder.
- 5) Company in which Dato' Seow Yong Chin has controlling interests.

The amount due by Cygal Development Sdn. Bhd. ("CD") is in respect of contracting work done on CD's project and is stated after allowance for anticipated loss of RM 43,771,183 arising from a claim for liquidated and ascertained damage by CD. All other amounts represent advances to / (by) related parties and are unsecured, interest-free with no fixed repayment terms.

14. AMOUNT DUE BY RELATED COMPANIES

The amount due by related companies are unsecured, interest free and with no fixed terms of repayment.

15. AMOUNT DUE BY SUBSIDIARY COMPANIES

The amount due by subsidiary companies are unsecured, interest free and with no fixed terms of repayment.

16. TAX RECOVERABLE

This include tax credit of RM2,205,000 arising from the tax deducted at source on dividend income under Section 110 of the Income Tax Act, 1967 which is available for set-off against future tax liability subject to the agreement from the Inland Revenue Board.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP 2007 RM'000
Other receivables	4,449
Less: Allowance for doubtful debts	
Acquisition of subsidiary companies	(1,171)
Additions	(193)
Written off	98
At 31 December	(1,266)
	<hr/>
Deposits	3,183
Prepayments	1,063
	101
	<hr/>
	4,347
	<hr/> <hr/>

Included in other receivables is an advancement of RM1.6 million with annual interest rate charged at 8%.

18. FIXED AND SECURITY DEPOSITS

Included in fixed and security deposits are fixed deposits amounting to RM500,000 which have been placed as securities for bank guarantee facilities granted to a subsidiary.

19. TRADE PAYABLES

The normal credit terms granted by trade payables to the Group vary from 0 and 120 days.

20. AMOUNT DUE TO DIRECTORS

The amount due to directors is unsecured, interest free with no fixed terms of repayment.

21. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	GROUP 2007 RM'000	COMPANY 2007 RM'000	2006 RM'000
Other payables	2,542	25	3
Deposits received	72	-	-
Accruals	4,582	1,268	1
	<hr/>		
	7,196	1,293	4
	<hr/> <hr/>		

22. HIRE PURCHASE PAYABLES

	GROUP 2007 RM'000
Hire purchase obligations repayable	128
Less: Unexpired finance charges	11
	<hr/> 117 <hr/>
Principal amount repayable:	
Within one year (shown under current liabilities)	41
Within one to five years (shown under non-current liabilities)	76
	<hr/> 117 <hr/>

23. BANK BORROWINGS

	GROUP 2007 RM'000
Bank overdraft	2,943
Fixed loans	2,703
(Portion repayable within one to five years)	(1,472)
(Portion repayable within one year)	1,231
	<hr/> 4,174 <hr/>

The above bank borrowings are secured by way of:

- Pledges of fixed deposits of a subsidiary with licensed bank.
- First fixed and floating charge on all the freehold or leasehold property and all other assets of a subsidiary company.
- Corporate guarantee by Sycal Berhad (formerly known as Cygal Berhad) for credit facilities granted to certain subsidiary companies.

The bank overdraft bears interest at 9.00% per annum, while the fixed loans bears interest ranging from 8.25% to 10.00% per annum.

24. PROVISIONS

	GROUP 2007 RM'000
Provision for anticipated cost in respect of completed property development projects	109
Provision for employee benefits:	
- short term accumulated compensated absences	
Acquisition of subsidiary companies	389
Utilisation during the year	(139)
At 31 December	<hr/> 250 <hr/>
	<hr/> 359 <hr/>

25. SHARE CAPITAL

	GROUP	COMPANY	
	2007	2007	2006
	RM'000	RM'000	RM'000
<u>Ordinary shares of RM1.00 each:</u>			
Authorised:	500,000	500,000	500,000
Issued and fully paid:			
At 1 January	-	-	-
Share exchange:-			
Issue of 35,833,500 new ordinary shares of RM1.00 each of the Company ("SVB Shares") in the exchange for 47,778,000 Syca Berhad's ordinary shares of RM1.00 each on the basis of 3 new SVB Shares for every 4 Syca Berhad's shares held	35,834	35,834	-
Rights issue:-			
25,000,000 new ordinary shares ("Rights Shares") together with up to 25,000,000 new detachable warrants ("Warrants") for free at an issue price of RM1.00 per Rights Share on the basis of 8 Rights Shares with 8 Warrants for every 7 SVB Shares held after the share exchange	25,000	25,000	-
Issue of 27,472,000 new ordinary shares of RM1.00 each for acquisition of the subsidiary companies	27,472	27,472	-
At 31 December	88,306	88,306	-

* Denote: RM2.00

The principal terms of the Warrants are as follows:

(i) Form and denomination:-

The Warrants shall be issued in registered form and constituted by the Deed Poll.

(ii) Exercise rights:-

Each Warrant carries the entitlement, at any time during the Exercise Period, to subscribe for 1 new SVB Share at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.

(iii) Exercise price:-

The Exercise Price of the Warrants is fixed at RM1.00 subject to adjustments in accordance with the provisions of the Deed Poll.

(iv) Exercise period:-

Commencing on and including the date of issue of the Warrants and ending on a date being 5 years from the date of issue of the Warrants.

(v) Expiry date:-

At the close of business on the maturity date of the Warrants, being a date which is 5 years from the date of issue of the Warrants, unless extended, any Warrant which has not been exercised and delivered to the Registrar will lapse and cease thereafter to be valid for any purpose.

25. SHARE CAPITAL (CONT'D)

- (v) Ranking of SVB Shares to be issued upon the exercise of Warrants:-

The SVB Shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank equal in all respects with the existing SVB Shares, save and except that they shall not be entitled to any rights, dividends, allotments and/or distributions, the entitlement date of which precedes the allotment of the SVB Shares arising from the exercise of the Warrants.

- (vi) Adjustments to Exercise Price and Exercise Rights

The Exercise Price and the number of Warrants held by Warrantholders shall from time to time be adjusted, in the event of alteration to the share capital of the Company.

26. 3 YEAR ZERO COUPON IRREDEEMABLE CONVERTIBLE UNSECURED LOANS STOCKS 2007/2010 (ICULS A)

	GROUP	COMPANY	
	2007	2007	2006
	RM'000	RM'000	RM'000
Equity component			
ICULS A	141,703	141,703	-
Less: Discount on issuance of ICULS A			
At 21 June	11,336	11,336	-
Amortised to income statement	(1,889)	(1,889)	-
At 31 December	9,447	9,447	-
	132,256	132,256	-

As part of and in conjunction with the composite restructuring scheme, the Company on 21 June 2007, issued 141,603,324 of 3-year irredeemable convertible unsecured loans stocks ("ICULS A") at 92% of the nominal value of RM1.00 each with zero coupon rate for settlement of its indebtedness to the financial institution creditors.

The main features of ICULS A are as follows:

- (i) The ICULS A are convertible on the maturity date into new ordinary shares of the Company at the conversion price on the basis of RM1.00 nominal value of ICULS A for every one new ordinary share of the Company.
- (ii) The ICULS A are not redeemable except upon the occurrence of an event of default as provided for in the trust deed of the ICULS A to be executed. Any ICULS A remaining immediately after the maturity date will be mandatorily converted into new ordinary shares of the Company at the conversion price.
- (iii) The new ordinary shares to be issued under the conversion of the ICULS A shall rank equally in all respects with the existing ordinary shares of the Company, except that they shall not be entitled to any rights, dividends, allotment and / or other distributions, the entitlement date of which precedes the date of allotment of the new ordinary shares.

27. 3 YEAR ZERO COUPON IRREDEEMABLE CONVERTIBLE UNSECURED LOANS STOCKS 2007/2010 (ICULS B)

	GROUP	COMPANY	
	2007	2007	2006
	RM'000	RM'000	RM'000
Equity component			
ICULS B	43,900	43,900	-

As part of and in conjunction with the composite restructuring scheme, the Company on 21 June 2007, issued 43,900,260 of 3-year irredeemable convertible unsecured loans stocks ("ICULS B") at the nominal value of RM1.00 each with zero coupon rate for settlement of its indebtedness to the financial institution and certain non-financial institution creditors.

The main features of ICULS B are as follows:

- (i) The ICULS B are convertible on the maturity date into new ordinary shares of the Company at the conversion price on the basis of RM2.00 nominal value of ICULS B for every one new ordinary share of the Company.
- (ii) The ICULS B are not redeemable except upon the occurrence of an event of default as provided for in the trust deed of the ICULS B to be executed. Any ICULS B remaining immediately after the maturity date will be mandatorily converted into new ordinary shares of the Company at the conversion price.
- (iii) The new ordinary shares to be issued under the conversion of the ICULS B shall rank equally in all respects with the existing ordinary shares of the Company, except that they shall not be entitled to any rights, dividends, allotment and / or other distributions, the entitlement date of which precedes the date of allotment of the new ordinary shares.

28. 5 YEAR 3% REDEEMABLE CONVERTIBLE SECURED LOANS STOCKS 2007/2012

	GROUP	COMPANY	
	2007	2007	2006
	RM'000	RM'000	RM'000
Face value of RCSLS issued	83,291	83,291	-
Equity component	(63,099)	(63,099)	-
Liability component	20,192	20,192	-

As part of and in conjunction with the composite restructuring scheme, the Company on 21 June 2007, issued 83,290,604 of 5-year redeemable convertible secured loans stocks ("RCSLS") at the nominal value of RM1.00 each bearing coupon interest rate at 3% per annum for settlement of its indebtedness to the financial institution creditors.

The main features of RCSLS are as follows:

- (i) The Company has the option to redeem the RCSLS at any time during the tenure of the RCSLS on the basis of RM1.00 for every RM1.00 nominal value of RCSLS. Minimum amount to be redeemed throughout the tenure of the RCSLS, is RM15 million ("Minimum Redemption Amount").

28. 5 YEAR 3% REDEEMABLE CONVERTIBLE SECURED LOANS STOCKS 2007/2012 (CONT'D)

- (ii) Holders will have the right to convert RM1.00 nominal value of RCSLS into one new ordinary share of the Company on the maturity date at the conversion price.
- (iii) All outstanding RCSLS shall be converted into new ordinary shares of the Company on the maturity date at the conversion price.
- (iv) The RCSLS bear coupon interest rate at 3% per annum payable annually in arrears on 30 June, with the first payment due on 30 June 2008.
- (v) The RCSLS are not listed on Bursa Malaysia Securities Berhad and are non-tradable.
- (vi) The new ordinary shares to be issued under the conversion of the RCSLS shall rank equally in all respects with the existing ordinary shares of the Company, except that they shall not be entitled to any rights, dividends, allotment and / or other distributions, the entitlement date of which precedes the date of allotment of the new ordinary shares.

The Minimum Redemption Amount of the RCSLS is secured by way of a first fixed charge over a piece of freehold land owned by a subsidiary company.

29. RESERVES

	GROUP 2007 RM'000	COMPANY 2007 RM'000	2006 RM'000
<u>Non-distributable:</u>			
Exchange translation reserve	237	-	-
<u>Distributable:</u>			
Accumulated losses	(165,866)	(4,514)	(6)
	<u>(165,629)</u>	<u>(4,514)</u>	<u>(6)</u>

30. DEFERRED TAX LIABILITIES

	GROUP 2007 RM'000
At 1 January	-
Acquisition of subsidiary companies	12,373
Amount recognised in the income statement	16
At 31 December	<u>12,389</u>

As mentioned in Note 2.17, the effects of temporary differences, which would give rise to net deferred assets, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. As of 31 December 2007, the amount of estimated net deferred tax assets of the Group calculated at applicable tax rate is as follows:

30. DEFERRED TAX LIABILITIES (CONT'D)

**GROUP
2007
RM'000**

(i) Recognised in the financial statements

Deferred tax liabilities:

- Plant and equipment	57
- Unabsorbed capital allowances	(36)
- Surplus arising from freehold development land	1,142
- Property development	10,923
- Inventory	303
	<hr/>
	12,389
	<hr/> <hr/>

(ii) Not recognised in the financial statements

Tax assets:

- Plant and equipment	(3,330)
- Unused tax losses and unabsorbed capital allowances	(22,804)
- Other deductible temporary differences	(9,129)
	<hr/>
	(35,263)
	<hr/> <hr/>

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

31. REVENUE

Revenue of the Group comprise:

**GROUP
2007
RM'000**

Contract revenue	15,466
Property development revenue	6,483
Joint-venture entitlement received	3,674
Sales of goods and services	7,795
	<hr/>
	33,418
	<hr/> <hr/>

32. COST OF SALES

Cost of sales of the Group comprise:

**GROUP
2007
RM'000**

Contract cost	14,978
Property development expenses	3,724
Joint-venture development costs	1,428
Cost of sales and services	7,482
	<hr/>
	27,612
	<hr/> <hr/>

33. EXCEPTIONAL ITEMS

	GROUP	COMPANY	
	2007	2007	2006
	RM'000	RM'000	RM'000
Composite restructuring scheme expenses	1,292	1,292	-
Impairment loss on goodwill arising from consolidation	169,913	-	-
Negative goodwill recognised to income statement	(7,540)	-	-
	<u>163,665</u>	<u>1,292</u>	<u>-</u>

34. LOSS BEFORE TAXATION

	GROUP	COMPANY	
	2007	2007	2006
	RM'000	RM'000	RM'000
Loss before taxation is arrived at after charging / (crediting):			
Allowance for doubtful debts - specific	877	-	-
Allowance for doubtful debts written back	(255)	-	-
Amortisation of discount on issuance of ICULS A	1,889	1,889	-
Auditors' remuneration	72	18	1
Bad debts written back	(2)	-	-
Depreciation of property, plant and equipment	115	-	-
Gain on disposal of plant and equipment	(1,245)	-	-
Hire of equipment	215	-	-
Interest expenses		-	-
- hire purchase	6	-	-
- overdraft	140	-	-
- loans	99	-	-
- RCSLS	1,250	1,250	-
Interest income	(89)	-	-
Loss on foreign exchange - realised	1	-	-
Loss on foreign exchange - unrealised	151	-	-
Rental income	(244)	-	-
Rental of premises	118	-	-
Reversal of impairment loss on other investments	(2)	-	-
Staff costs (excluding directors' remuneration):		-	-
- salaries, allowances, wages and bonus	2,493	-	-
- social security costs	28	-	-
- pension costs - defined contribution plans	189	-	-
- short term accumulating compensated absences	(139)	-	-
- other staff related expenses	340	-	-
Directors' remuneration:		-	-
- Directors of the subsidiary companies		-	-
- fees	84	-	-
- other emoluments	563	-	-
- pension costs - defined contribution plan	99	-	-

35. TAXATION

	GROUP	COMPANY	
	2007	2007	2006
	RM'000	RM'000	RM'000
Malaysian taxation based on profit for the year:			
- Current year	1,020	-	-
- Under provided in respect of prior year	19	-	-
	1,039	-	-
Deferred taxation :			
- Relating to origination and reversal of temporary differences	16	-	-
	1,055	-	-

No taxation is provided for the current year in the financial statements of the Company as it is in a tax loss position.

In respect of the Group, tax is provided on certain non-business income of subsidiary companies.

The income tax expense for the financial year can be reconciled to the loss before taxation per income statements as follows:

	GROUP	COMPANY	
	2007	2007	2006
	RM'000	RM'000	RM'000
Loss before taxation	(164,786)	(4,508)	(1)
Tax at Malaysian statutory tax rate of 27% (2006: 28%)	(44,492)	(1,217)	(0.28)
Tax effects of:			
- Expenses not deductible for tax purposes	45,245	1,217	0.28
- Income not subject to tax	(45)	-	-
- Utilisation of tax losses brought forward from previous years	(24)	-	-
- Deferred tax assets not recognised during the financial year	250	-	-
- Reversal of previously unrecognised tax assets	(6)	-	-
- Current year tax under provided in respect of prior year	19	-	-
- Differences in tax rates			
-Hong Kong subsidiary	(8)	-	-
-Malaysian subsidiaries *	56	-	-
- Others	60	-	-
Tax expense	1,055	-	-

*The taxation of certain subsidiaries of the Group varies from the amount of the income tax determined by applying the Malaysian income tax rate of 27% (2006: 28%) to profit before taxation mainly because the first RM500,000 of chargeable income was subjected to a lower rate of 20% as stipulated in paragraph 2A, schedule 1, part 1 of the Income Tax Act, 1967.

36. NET LOSS PER SHARE

(i) Basic

The basic net loss per share is calculated by dividing the Group's loss after taxation and minority interests of RM165.859 million by the weighted average number of ordinary shares in issue of 45 million during the year.

(ii) Diluted

For the purpose of calculating diluted loss per share, the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the year have been adjusted for the dilutive effects of all potential ordinary shares.

	GROUP 2007 RM'000
Loss for the year	(165,859)
After-tax effect of interest and discount on RCSLS and ICULS A	3,139
Notional interest on proceeds from the exercise of Warrants, net of tax	555
	<u>(162,165)</u>
	'000
Weighted average number of ordinary shares in issue	45,000
Effects of dilution:	
- ICULS A	141,703
- ICULS B	21,950
- RCSLS	83,291
- Warrants	25,000
	<u>316,944</u>

37. CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR

	GROUP 2007 RM'000	COMPANY 2007 RM'000	2006 RM'000
These represent:			
Fixed and security deposits	661	-	-
Cash and bank balances	4,139	233	- *
Bank overdraft	(2,943)	-	-
	<u>1,857</u>	<u>233</u>	<u>- *</u>
Deposits pledged for bank guarantee facilities	(500)	-	-
	<u>1,357</u>	<u>233</u>	<u>- *</u>

Cash and bank balances includes monies placed with licensed banks under Housing Development Accounts amounting to RM1,225,759 by the subsidiary companies.

* Denote: RM2.00

38. SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party transactions during the financial year other than those already disclosed in the accounts include:

	GROUP	COMPANY	
	2007	2007	2006
	RM'000	RM'000	RM'000
Loans and advances granted to subsidiary companies	-	23,200	-
Transactions with a company in which Dato' Seow Yong Chin has controlling interests:-			
Construction costs charged by Sycal Berhad (formerly known as Cygal Berhad) to Cygal Development Sdn. Bhd.	21,038	-	-

The Directors are of the opinion that all the above transactions were entered into in the normal course of business and were established on terms and conditions that were not materially different from those obtainable in transactions with unrelated parties.

39. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business and geographical segments.

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

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

Business segments

The Group's main business comprises the following segments:

Construction	Civil and building construction works.
Property development	Housing development.
Manufacturing, trading and others	Manufacturing and trading in ready-mix concrete, trading in building materials, leasing of aircraft parts and equipment, provision of hotel management services and investment holding.

Geographical segments

The businesses of the Group are operated in Malaysia and Hong Kong.

39. SEGMENTAL REPORTING (CONT'D)

(a) Major business segments

2007	Construction	Property Development	Manufacturing, trading and others	Consolidation adjustments	Consolidated
Revenue	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	15,466	10,157	7,795	-	33,418
Inter-segment sales	1,138	-	1,283	(2,421)	-
Total revenue	16,604	10,157	9,078	(2,421)	33,418
Result					
Segment result					
- Operating (loss) / profit	(2,130)	4,858	68	-	2,796
Allowance for doubtful debts	(193)	(684)	-	-	(877)
Allowance for doubtful debts written back	255	-	-	-	255
Interest expense	(4)	(140)	(3,240)	-	(3,384)
Interest income	8	61	20	-	89
Exceptional items	-	-	(163,665)	-	(163,665)
Income taxes	-	(1,020)	(35)	-	(1,055)
Loss after taxation					(165,841)
Minority interest					(18)
Net loss for the financial year					(165,859)
Other information					
Segment Assets	137,916	88,536	40,230	-	266,682
Tax recoverable					2,315
Consolidated total assets					268,997
Segment liabilities	(36,029)	(8,736)	(26,925)	-	(71,690)
Taxation					(21,367)
Deferred taxation					(12,389)
Unallocated corporate liabilities					(117)
Consolidated total liabilities					(105,563)
Capital expenditure	11	6	5	-	22
Depreciation	49	15	51	-	115
Non-cash expenses other than depreciation	(953)	684	165,423	-	165,154

39. SEGMENTAL REPORTING (CONT'D)

(b) Segment by geographical location

2007	Malaysia RM'000	Hong Kong RM'000	Consolidated RM'000
Revenue	33,292	126	33,418
Segment assets	268,572	425	268,997
Capital expenditure	22	-	22

40. CONTINGENCIES

	GROUP 2007 RM'000
Unsecured:	
Corporate guarantees by Sycal Berhad (formerly known as Cygal Berhad) issued in favour of financial institutions for credit facilities granted to subsidiary companies	5,646

41. SIGNIFICANT EVENTS: COMPOSITE RESTRUCTURING SCHEME

On 29 June 2007, the composite restructuring scheme was successfully implemented jointly with Sycal Berhad (formerly known as Cygal Berhad) ("Sycal") as follows:

- (i) share exchange of 47,778,000 ordinary shares of RM1.00 each in Sycal ("Sycal Shares") with 35,833,500 new ordinary shares of RM1.00 each in the Company ("SVB") ("SVB Shares"), via a members' scheme of arrangement under Section 176 of the Companies Act, 1965 on the basis of 3 new SVB Shares for every 4 Sycal Shares held;
- (ii) debt restructuring:
 - (a) settlement of indebtedness of Sycal and its former subsidiaries, Infratimur Sdn. Bhd. and C.T.A. Realty Sdn. Bhd. ("CTA") who were granted restraining order protection under Section 176 of the Companies Act, 1965 comprising:
 - the settlement of indebtedness amounting to RM229,627,109 to financial institution ("FI") creditors by the issue of RM141,603,324 nominal value of 3-year zero coupon irredeemable convertible unsecured loan stocks in SVB ("ICULS A") at 92% of its nominal value of RM1.00 each, RM16,061,442 nominal value of 3-year zero coupon irredeemable convertible unsecured loan stocks in SVB ("ICULS B") at 100% of its nominal value of RM1.00 each and RM83,290,604 nominal value of 5-year 3% redeemable convertible secured loan stocks in SVB ("RCSLS") at 100% of its nominal value of RM1.00 each; and
 - the settlement of indebtedness amounting to RM27,108,818 to certain non FI creditors (including non FI creditors of Sycal and those of CTA holding a corporate guarantee given by the Sycal) by the issue of RM27,108,818 nominal value of ICULS B at 100% of its nominal value of RM1.00 each;
 - (b) part settlement of indebtedness of United Golden Mile Aviation Ltd, a subsidiary of Sycal amounting to RM730,000 to Oversea-Chinese Banking Corporation Ltd. (Labuan Branch) by the issue of RM730,000 nominal value of ICULS B at 100% of its nominal value of RM1.00 each;

41. SIGNIFICANT EVENTS (CONT'D)

- (iii) additional issue of RM100,000 nominal value ICULS A at 92% of its nominal value of RM1.00 each to CIMB Investment Bank Berhad (formerly known as Commerce International Merchant Bankers Berhad) as primary subscriber;
- (iv) renounceable rights issue of up to 40,952,574 new SVB Shares ("Rights Shares") together with up to 40,952,574 new detachable warrants ("Warrants") for free at an issue price of RM1.00 per Rights Share on the basis of 8 Rights Shares with 8 Warrants for every 7 SVB Shares held after the Share Exchange;
- (v) subscription by the Company of 9,998 ordinary shares of RM1.00 each in Sycal Resort Sdn. Bhd. (formerly known as Laudable Invention Sdn. Bhd.) ("SRSB") at par, representing 99.98% of the issue and paid-up share capital of SRSB and acquisition of 815,055 redeemable preference shares of RM1.00 each in SRSB ("SRSB RPS"), representing the entire issued and paid-up SRSB RPS, for a total consideration of RM6,450,999 satisfied in cash of RM9,999 and the balance by way of issue of 6,441,000 SVB Shares at an issue price of RM1.00 per SVB Share;
- (vi) acquisition by the Company of 3,100,000 ordinary shares of RM1.00 each and 150,000 redeemable unconvertible preference shares of RM1.00 each in Sycal Properties Sdn. Bhd. (formerly known as Cygal Properties Sdn. Bhd.) ("SPSB") ("SPSB RPS"), representing the entire issued and paid-up ordinary share capital and SPSB RPS of SPSB, for a total consideration of RM21,031,001 satisfied in cash of RM1.00 and the balance by way of issue of 21,031,000 SVB Shares at an issue price of RM1.00 per SVB Share; and
- (vii) delisting of Sycal from the official list of Bursa Malaysia Securities Berhad ("Bursa Securities"), and admission of the Company to the official list of Bursa Securities in place of Sycal and listing of and quotation for the entire enlarged issued and paid-up share capital, ICULS A, ICULS B and Warrants of the Company after the composite restructuring scheme, on the Second Board of Bursa Securities.

42. EVENTS AFTER THE BALANCE SHEET DATE

On 3 January 2008, the subsidiary, Sycal Properties Sdn. Bhd. (formerly known as Cygal Properties Sdn. Bhd.) ("SPSB") entered into a joint-venture agreement (JV Agreement) with a private limited company to jointly develop 122 units of shop lots and 92 units of residential buildings in the state of Perak Darul Ridzuan (JV Development).

SPSB has estimated the gross development revenue and construction / development costs for the JV Development to be RM77 million and RM61.1 million respectively.

Under the JV Agreement, SPSB is entitled to 78% of the gross revenue from the shoplot units and 80% of the gross revenue from the residential buildings.

SPSB is committed to a progressive advance payments of RM1.2 million at an agreed time frame upon execution of the JV Agreement.

43. COMMITMENT

On 4 July 1996, the Group entered into a conditional share subscription agreement with Samaworld (Malaysia) Sdn. Bhd. (SMSB) and Samaworld Theme Hotel Sdn. Bhd. (SWTH) with the view to develop a hotel on the piece of land owned by SWTH. The agreement provides for the Group to subscribe to 17.5 million new shares of RM 1.00 each representing 70% equity interest of the enlarged issued and paid-up capital in SWTH for a subscription price of RM 17.5 million. To date, the Group has subscribed to a total of 7,867,821 ordinary shares of RM 1.00 each in SWTH at par.

In March 2003, Official Receiver has been appointed to take over the management of SMSB.

44. FINANCIAL INSTRUMENTS

(i) Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks, including credit risk, interest rate risk, liquidity and cash flow risk. The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions. Financial instruments arising from the operations of the Group comprises trade receivables, other receivables and deposits, trade payables, other payables and accruals, and borrowings. Various risk management policies are in place to control and manage risks associated with these financial instruments.

Credit Risk

The Group's exposure to credit risk arises from its receivables. The Group has a credit policy in place and manages the exposure to credit risk through the application of credit approvals, credit limits and other monitoring procedures.

The Group generally has no significant exposure to any individual customers or counterpart nor does it have any major concentration of credit risk related to any financial instruments other than as disclosed in Note 9.

Interest Rate Risk

The Group's exposure to interest rate risk relates primarily to deposits and debt obligations with financial institutions.

The interest rates on the Group's debt obligations are comparable to interest rates of similar instruments in the market and is managed through a fair mix of fixed and floating rate debts. The Group does not generally hedge interest rate risk as it does not invest significantly in activities that require interest rates hedging.

Fixed deposits are placed with licensed banks to satisfy conditions for bank facilities granted to the Group. Excess funds are placed with reputable banks to generate interest income. The Group manages its interest rate risk by monitoring market rates and placing such funds with varying maturity periods.

The effective yield of the deposits placed with the licensed banks and financial institutions range from 3.88% per annum. All other financial assets and liabilities that are exposed to interest rate risk are already disclosed in the financial statements.

Market Risk

The Group's exposure to market risk arises from quoted investments held for long term purposes. As the amount involved is insignificant, exposure to market risk is minimal.

44. FINANCIAL INSTRUMENTS (CONT'D)

(i) Financial Risk Management Objectives and Policies (Cont'd)

Foreign Currency Exchange Risk

The Group has a 71%-owned subsidiary company, United Golden Mile Aviation Ltd., which operates in Hong Kong and whose revenue and expenses are denominated primarily in US Dollars and Hong Kong Dollars.

As at year end, the net unhedged financial liabilities of the Group arising from this foreign subsidiary that is not denominated in its functional currency is approximately RM5.66 million.

Liquidity and Cash Flow Risk

The Group's exposure to liquidity risk and cash flow risk is monitored on an on going basis after the completion of composite restructuring scheme during the year as detailed in Note 41. In the ordinary course of business, the Group practices prudent liquidity risk management by maintaining sufficient level of cash to meet its working capital requirements. The Group reviews its cash flow position regularly to manage its exposure to the fluctuations in future cash flows and balances its portfolio with short term financing so as to achieve overall cost effectiveness.

(ii) Fair Values

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

Financial instruments not recognised in the balance sheets of the Group and Company as at the end of the financial year are disclosed in Note 40: Contingencies. It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

The methods and assumptions used to determine the estimated fair values of financial assets and liabilities are as follows:

- (i) quoted shares - quoted market prices at balance sheet date.
- (ii) bank overdrafts, cash equivalents, receivables and payables with a maturity period of less than one year - carrying value at balance sheet date due to their relatively short term maturity.
- (iii) borrowings other than bank overdrafts - carrying value at balance sheet date due to its floating interest rates.

It is not practical to estimate the fair values of amounts due to / by subsidiaries and related parties due principally to a lack of fixed repayment term entered by the parties involved. However, the Group and the Company do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

45. COMPARATIVES

There are no comparative figures for the Group as this is the first set of consolidated financial statements presented by the Group.

46. DATE OF AUTHORISATION FOR ISSUE

The financial statement were authorised for issue in accordance with a Board of Directors' resolution dated 29 April 2008.

ADDITIONAL DISCLOSURE REQUIREMENTS

Utilization of Proceeds

As at 31 December 2007, the Company has utilised approximately RM23.892 million of the total proceeds of RM25.0 million raised from the rights issue implemented during the year. The status of the utilisation of proceeds is as follows:-

	Approved utilisation RM'000	Amount utilised up to 31.12.2007 RM'000
To part finance the development/construction costs for the property development activities located at:-		
Cheras, Kuala Lumpur	3,000	3,000
Bukit Gambir, Penang	4,000	4,000
Teluk Batik, Lumut	2,500	1,900
Working capital	13,700	13,700
Expenses in relation to the Scheme	1,800	1,292
Total	25,000	23,892

The balance proceeds of RM1.008 million will be utilised by June 2008.

Share Buy-Backs

During the financial year, the Company did not enter into any share buy-backs transactions.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were exercised by the Company in the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Sanctions or Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

During the financial year ended 31 December 2007, non-audit fees paid and payable to external auditors amounted to RM113,000.

Variation in Results, Profit Estimates of Projection

There were no profit estimates, forecasts, or projection and/or unaudited result make public which have a deviation of 10 percent or more from the audited results.

Profit Guarantee

During the financial year, there was no profit guarantee given by the Company and its subsidiaries.

ADDITIONAL DISCLOSURE REQUIREMENTS (cont'd)

Material Contract Involving Directors' and Major Shareholders' Interest

There was no material contract entered into by the Company and its subsidiaries which involved Directors' and/or major shareholders' interests subsisting at the end of the financial year ended 31 December 2007 or entered into since the end of the previous financial year.

Revaluation Policy on Landed Properties

The Company has not adopted a policy of regular revaluation of its landed properties and does not have any revaluation done on the landed properties.

Recurrent Related Party Transactions

There was no recurrent related party transaction during the financial year ended 31 December 2007 other than those disclosed in the financial statement.

Corporate Social Responsibility (CSR)

The Group continues to play its role as a caring and responsible corporate citizen by contributing generously towards community services and sponsorship programmes.

The Group also remains committed to ensuring the occupational safety and health of all employees at their workplace through increased awareness, accountability and continual training geared towards the conduct of all activities in an environmentally responsible, safe and healthy manner.

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 30 APRIL 2008

SHARE CAPITAL

Authorised Share Capital	: RM500,000,000.00
Issued and Paid-up Share Capital	: RM88,305,502.00
Type of Securities	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	96	3.94	4,439	0.00
100 to 1,000	829	34.03	617,299	0.70
1,001 to 10,000	1,265	51.93	4,172,575	4.73
10,001 to 100,000	200	8.21	5,580,413	6.32
100,001 to less than 5% of issued shares	41	1.68	36,642,047	41.49
5% and above of issued shares	5	0.21	41,288,729	46.76
Total	2,436	100.00	88,305,502	100.00

SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES) (as shown in the Register of Substantial Shareholders)

Name of Shareholders	No. of Shares Held or Beneficiary Interested In	# Deemed Interest
1. Cygal Holdings Sdn Bhd	*27,584,198 (31.24%)	-
2. Dato' Seow Yong Chin	**18,826,145 (21.32%)	27,584,198 (31.24%)
3. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	***3,989,913 (4.52%)	27,584,198 (31.24%)
4. Datuk Bujang Bin Buyong @ Jislen Bin Bagong, JP	-	27,584,198 (31.24%)
5. Lim Kian Wat	10,000,000 (11.32%)	-

* Of which 24,370,754 ordinary shares are held through various nominee companies

** Of which 10,000,000 ordinary shares are held through a nominee company

*** Of which 729,000 ordinary shares are held through various nominee companies

Deemed interest through their shareholdings exceeding 15% in Cygal Holdings Sdn Bhd

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 30 APRIL 2008 (cont'd)**THIRTY LARGEST SHAREHOLDERS****(without aggregating the securities from different securities accounts belonging to the same Depositor)**

	Name	No. of Shares	%
1.	Lim Kian Wat	10,000,000	11.32
2.	ECML Nominees (Tempatan) Sdn Bhd <Cygal Holdings Sdn Bhd>	10,000,000	11.32
3.	Dato' Seow Yong Chin	8,826,145	10.00
4.	Cimsec Nominees (Tempatan) Sdn Bhd <Pengurusan Danaharta Nasional Berhad for Dato' Seow Yong Chin>	6,777,330	7.67
5.	Waste Environment Services Sdn Bhd	4,919,254	5.57
6.	Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	3,256,413	3.69
7.	Cimsec Nominees (Tempatan) Sdn Bhd <Danaharta Managers Sdn Bhd for Dato' Seow Yong Chin>	3,222,670	3.65
8.	Cygal Holdings Sdn Bhd	3,213,444	3.64
9.	HLB Nominees (Tempatan) Sdn Bhd <Pledged securities account for Cygal Holdings Sdn Bhd>	2,599,500	2.95
10.	Rohizir Bin Abdul Rashid	2,170,942	2.46
11.	Mayban Nominees (Tempatan) Sdn Bhd <Pledged securities account for Dato' Seow Yong Chin>	2,115,000	2.40
12.	Ital-Pacific Development Sdn Bhd	1,785,000	2.02
13.	Lau Ing Keh	1,610,250	1.82
14.	A. Malik Bin Munadi	1,610,250	1.82
15.	Wong Siew Ting	1,569,150	1.78
16.	Tan Chai Tin	1,334,075	1.51
17.	Malaysia Nominees (Tempatan) Sendirian Berhad <Pledged securities account for Cygal Holdings Sdn Bhd>	1,175,250	1.33
18.	HDM Nominees (Tempatan) Sdn Bhd <Malaysian Assurance Alliance Berhad for Dato' Seow Yong Chin>	1,174,500	1.33
19.	BSN Merchant Nominees (Tempatan) Sdn Bhd <Pledged securities account for Cygal Holdings Sdn Bhd>	1,053,750	1.19
20.	Waste Environment Services Sdn Bhd	766,000	0.87
21.	A.A. Anthony Nominees (Tempatan) Sdn Bhd <Pledged securities account for Lim Chuan Boon>	750,000	0.85
22.	AmBank (M) Berhad <Pledged securities account for Neoh Chong Poh>	723,750	0.82
23.	Mayban Nominees (Tempatan) Sdn Bhd <Pledged securities account for Chin Kok Wah>	637,500	0.72
24.	Kek Hing Kok	502,500	0.57
25.	Soh Kok Heng	500,000	0.57

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 30 APRIL 2008 (cont'd)

Name	No. of Shares	%
26. Fan Kam Choy	497,700	0.56
27. Alliancegroup Nominess (Tempatan) Sdn Bhd <Pledged securities account for Cygal Holdings Sdn Bhd>	477,750	0.54
28. Mayban Nominess (Tempatan) Sdn Bhd <Pledged securities account for Syed Zain Al-Kudcy Bin Dato' Syed Mahmood>	471,750	0.54
29. Mayban Nominess (Tempatan) Sdn Bhd <Pledged securities account for Dato' Seow Yong Chin>	470,250	0.53
30. A.A. Anthony Nominees (Tempatan) Sdn Bhd <Pledged securities account for Tan Han Loong>	435,000	0.49
	74,645,123	84.53

Type of Securities : 2007/2012 Warrants
Voting Rights : One vote per warrant

DISTRIBUTION OF WARRANT HOLDINGS

Range of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 100	8	3.79	352	0.00
100 to 1,000	30	14.22	26,351	0.10
1,001 to 10,000	143	67.77	520,263	2.08
10,001 to 100,000	24	11.38	699,076	2.80
100,001 to less than 5% of issued warrants	5	2.37	1,834,228	7.34
5% and above of issued warrants	1	0.47	21,919,730	87.68
Total	211	100.00	25,000,000	100.00

THIRTY LARGEST WARRANT HOLDERS

(without aggregating the securities from different securities accounts belonging to the same Depositor)

Name	No. of Warrants	%
1. Cygal Holdings Sdn Bhd	21,919,730	87.68
2. Flora Luxury Sdn Bhd	1,000,000	4.00
3. Soh Kok Heng	500,450	2.00
4. Kek Hing Kok	114,750	0.46
5. Su An Lee	113,028	0.45

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 30 APRIL 2008 (cont'd)

	Name	No. of Warrants	%
6.	Lee Hong Sang	55,000	0.22
7.	Lee Hong Sang	51,000	0.20
8.	Jenny Chee Jee Neo	50,085	0.20
9.	Pang Swee Chien	49,800	0.20
10.	Eu Mui @ Ee Soo Mei	48,900	0.20
11.	Mayban Nominees (Tempatan) Sdn Bhd <Pledged securities account for Li Cheng Thong @ Lee Chen Thung>	48,000	0.19
12.	Tan Chun Ming	42,857	0.17
13.	Tan Sui Lan	40,174	0.16
14.	Khalid Bin Mohamad	37,000	0.15
15.	Ooi Say Inn	35,000	0.14
16.	Yim Fook Seng	32,500	0.13
17.	Ng Kim Lian	30,000	0.12
18.	Chai Choon Seng	30,000	0.12
19.	Ng Kean Yee	26,000	0.10
20.	Pang Swee Chien	25,000	0.10
21.	Mayban Securities Nominees (Tempatan) Sdn Bhd <Pledged securities account for Tan See Kau>	24,000	0.10
22.	Wong Sing Siew	21,900	0.09
23.	Law King Boon @ Lau Keng Boon	20,000	0.08
24.	Gan Ah You	20,000	0.08
25.	Meenalosini A/P C Muthuthamby	17,500	0.07
26.	Liaw Huat Hin	17,500	0.07
27.	Siew Kok Hoong	15,428	0.06
28.	Teoh Boon Han @ Teong Boon Hong	13,750	0.06
29.	Tan Ching Han	12,500	0.05
30.	Kamarul Idrus Bin Adar Ali	11,000	0.04
		24,423,392	97.69

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 30 APRIL 2008 (cont'd)

Type of Securities : ICULS-A 2007/2010
Voting Rights : One vote per ICULS-A

DISTRIBUTION OF ICULS-A HOLDINGS

Range of ICULS-A Holdings	No. of ICULS-A Holders	% of ICULS-A Holders	No. of ICULS-A	% of ICULS-A
Less than 100	1	0.42	3	0.00
100 to 1,000	79	33.05	77,400	0.06
1,001 to 10,000	56	23.43	358,078	0.25
10,001 to 100,000	78	32.64	2,835,502	2.00
100,001 to less than 5% of issued ICULS-A	21	8.79	17,292,651	12.20
5% and above of issued ICULS-A	4	1.67	121,139,690	85.49
Total	239	100.00	141,703,324	100.00

THIRTY LARGEST ICULS-A HOLDERS

(without aggregating the securities from different securities accounts belonging to the same Depositor)

Name	No. of ICULS-A	%
1. Cimsec Nominees (Tempatan) Sdn Bhd <Pengurusan Danaharta Nasional Berhad>	47,569,331	33.57
2. Mayban Nominees (Tempatan) Sdn Bhd <Mayban Investment Management Sdn Bhd for Malayan Banking Berhad>	29,924,609	21.12
3. HSBC Bank Malaysia Berhad	21,840,322	15.41
4. Cimsec Nominees (Tempatan) Sdn Bhd <Danaharta Managers Sdn Bhd>	21,805,428	15.39
5. HLB Nominees (Tempatan) Sdn Bhd <Hong Leong Bank Berhad>	3,238,319	2.29
6. PLC Credit & Factoring Sdn Bhd	2,907,631	2.05
7. UOBM Nominees (Tempatan) Sdn Bhd <United Overseas Bank (Malaysia) Bhd>	2,706,317	1.91
8. Amanah International Finance Sdn Bhd	2,133,421	1.51
9. Yeo Kian	1,097,700	0.77
10. Cheong Sau Wah	892,200	0.63
11. Amsec Nominees (Tempatan) Sdn Bhd <AmBank (M) Berhad>	573,100	0.40
12. Yeo Kian	405,700	0.29
13. Amsec Nominees (Tempatan) Sdn Bhd <AmBank (M) Berhad>	310,163	0.22

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 30 APRIL 2008 (cont'd)

Name	No. of ICULS-A	%
14. Chong Siow Fah	307,000	0.22
15. Ooi Lee Peng	295,000	0.21
16. Public Nominees (Tempatan) Sdn Bhd <Pledged securities account for Lim Lee Foon>	289,800	0.20
17. Chong Siow Fah	258,000	0.18
18. Loh Sai Eng	213,000	0.15
19. Mayban Nominees (Tempatan) Sdn Bhd <Pledged securities account for Chai Koh Hiung>	200,000	0.14
20. Lee Ah Leong	200,000	0.14
21. Huan Mee Kiew	200,000	0.14
22. Kam Lai Yong	186,000	0.13
23. Lee Lai Hoon	160,000	0.11
24. Mayban Nominees (Tempatan) Sdn Bhd <Pledged securities account for Ong Poh Tine>	141,800	0.10
25. Tan Nam King	136,500	0.10
26. Yeoh Hup Eng	121,000	0.09
27. RHB Nominees (Tempatan) Sdn Bhd <Pledged securities account for Phillis Sim Pei Pei>	120,000	0.08
28. Yeoh Hup Eng	100,000	0.07
29. Tan Siok Ing	100,000	0.07
30. Ng Geok Wah	100,000	0.07
	138,532,341	97.76

Type of Securities : ICULS-B 2007/2010
Voting Rights : One vote per ICULS-B

DISTRIBUTION OF ICULS-B HOLDINGS

Range of ICULS-B Holdings	No. of ICULS-B Holders	% of ICULS-B Holders	No. of ICULS-B	% of ICULS-B
Less than 100	7	1.73	305	0.00
100 to 1,000	97	24.01	94,324	0.22
1,001 to 10,000	46	11.39	316,055	0.72
10,001 to 100,000	192	47.52	7,665,207	17.46
100,001 to less than 5% of issued ICULS-B	58	14.36	18,268,569	41.61
5% and above of issued ICULS-B	4	0.99	17,555,800	39.99
Total	404	100.00	43,900,260	100.00

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 30 APRIL 2008 (cont'd)**THIRTY LARGEST ICULS-B HOLDERS****(without aggregating the securities from different securities accounts belonging to the same Depositor)**

Name	No. of ICULS-B	%
1. Mayban Nominees (Tempatan) Sdn Bhd <Mayban Investment Management Sdn Bhd for Malayan Banking Berhad>	5,148,619	11.73
2. Flora Luxury Sdn Bhd	4,614,813	10.51
3. Cimsec Nominees (Tempatan) Sdn Bhd <Pengurusan Danaharta Nasional Berhad>	4,404,826	10.03
4. Cimsec Nominees (Tempatan) Sdn Bhd <Danaharta Managers Sdn Bhd>	3,387,542	7.72
5. Visefare Villa Sdn Bhd	1,931,971	4.40
6. Anira Sdn Bhd	1,260,373	2.87
7. CMCM Perniagaan Sdn Bhd	1,066,693	2.43
8. Petro-Pipe Concrete Piles Sdn Bhd	806,032	1.83
9. Ipmuda Berhad	684,915	1.56
10. Kim Hoo	521,943	1.19
11. Yeo Kian	495,000	1.13
12. Kam Lai Yong	450,000	1.02
13. UOBM Nominees (Tempatan) Sdn Bhd <United Overseas Bank (Malaysia) Bhd>	429,990	0.98
14. Ooi Lee Peng	420,000	0.96
15. HLB Nominees (Tempatan) Sdn Bhd <Hong Leong Bank Berhad>	403,925	0.92
16. OCBC Bank (Malaysia) Berhad	400,400	0.91
17. Puspajaya Aluminium Sendirian Berhad	394,079	0.90
18. Sunway Paving Solutions Sdn Bhd	389,509	0.89
19. Ng Tian Sue	383,044	0.87
20. Looi Sing Yew	383,044	0.87
21. Yap Lai Peng	327,069	0.75
22. Chia Kok Keong	320,905	0.73
23. ACP Marketing Sdn Bhd	302,890	0.69
24. Lim Sin Shen	280,000	0.64
25. Kok Siew Choo @ Kok Meng Choo	273,460	0.62
26. Ed Lamb Construction Sdn Bhd	269,158	0.61
27. Huan Mee Kiew	268,000	0.61
28. Amanah International Finance Sdn Bhd	264,550	0.60
29. Fitters Sdn Bhd	261,622	0.60
30. Tan Bee Lian	235,977	0.54
	30,780,349	70.11

ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 30 APRIL 2008 (cont'd)

Type of Securities : RCSLS 2007/2012
Voting Rights : One vote per RCSLS

DISTRIBUTION OF RCSLS HOLDINGS

Range of RCSLS Holdings	No. of RCSLS Holders	% of RCSLS Holders	No. of RCSLS	% of RCSLS
Less than 100	0	0	0	0
100 to 1,000	0	0	0	0
1,001 to 10,000	0	0	0	0
10,001 to 100,000	0	0	0	0
100,001 to less than 5% of issued RCSLS	8	72.73	10,572,091	12.69
5% and above of issued RCSLS	3	27.27	72,718,513	87.31
Total	11	100.00	83,290,604	100.00

LIST OF RCSLS HOLDERS

(without aggregating the securities from different securities accounts belonging to the same Depositor)

Name	No. of RCSLS	%
1. Pengurusan Danaharta Nasional Berhad	40,806,001	48.99
2. Malayan Banking Berhad	18,856,650	22.64
3. HSBC Bank Malaysia Berhad	13,055,862	15.68
4. Hong Leong Bank Berhad	2,385,443	2.86
5. OCBC Bank (M) Berhad	1,914,569	2.30
6. PLC Credit and Factoring Sdn Bhd	1,710,259	2.05
7. United Overseas Bank (Malaysia) Bhd	1,591,847	1.91
8. Amanah International Finance Sdn Bhd	1,254,871	1.51
9. AmBank (M) Berhad	1,147,967	1.38
10. RHB Bank Berhad	384,698	0.46
11. AmBank (M) Berhad	182,437	0.22
	83,290,604	100.00

STATEMENT OF DIRECTORS' INTERESTS AS AT 30 APRIL 2008

(i) Interest in the Company

Ordinary Shares of RM1.00 each

Name of Directors	No. of Ordinary Shares of RM1.00 each	
	<u>Direct Interest</u>	<u>#Deemed Interest</u>
1. Dato' Sri Haji Abd Rahim Bin Haji Abdul	-	-
2. Dato' Seow Yong Chin	*18,826,145 (21.32%)	27,584,198 (31.24%)
3. Chin Kok Wah	-	-
4. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	**3,989,913 (4.52%)	27,584,198 (31.24%)
5. Mohd Rashid Bin Mat Ali	-	-
6. Tan Sri Dato' Ahmad Sabki Bin Jahidin	-	-
7. Dato' Jaffar Indot	-	-
8. Siaw Sat Lin	-	-

* Of which 10,000,000 ordinary shares are held through a nominee company

** Of which 729,000 ordinary shares are held through various nominee companies

Deemed interest through their shareholdings exceeding 15% in Cygal Holdings Sdn Bhd

2007/2012 Warrants

Name of Directors	No. of Warrant	
	<u>Direct Interest</u>	<u>#Deemed Interest</u>
1. Dato' Sri Haji Abd Rahim Bin Haji Abdul	-	-
2. Dato' Seow Yong Chin	-	#21,919,730 (87.68%)
3. Chin Kok Wah	-	-
4. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	-	#21,919,730 (87.68%)
5. Mohd Rashid Bin Mat Ali	-	-
6. Tan Sri Dato' Ahmad Sabki Bin Jahidin	-	-
7. Dato' Jaffar Indot	-	-
8. Siaw Sat Lin	-	-

Deemed interest through their shareholdings exceeding 15% in Cygal Holdings Sdn Bhd

ICULS-A 2007/2010

Name of Directors	No. of ICULS-A	
	<u>Direct Interest</u>	<u>Deemed Interest</u>
1. Dato' Sri Haji Abd Rahim Bin Haji Abdul	-	-
2. Dato' Seow Yong Chin	-	-
3. Chin Kok Wah	-	-
4. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	-	-
5. Mohd Rashid Bin Mat Ali	-	-
6. Tan Sri Dato' Ahmad Sabki Bin Jahidin	-	-
7. Dato' Jaffar Indot	-	-
8. Siaw Sat Lin	-	-

STATEMENT OF DIRECTORS' INTERESTS AS AT 30 APRIL 2008 (cont'd)**ICULS-B 2007/2010**

Name of Directors	No. of ICULS-B	
	<u>Direct Interest</u>	<u>Deemed Interest</u>
1. Dato' Sri Haji Abd Rahim Bin Haji Abdul	-	-
2. Dato' Seow Yong Chin	-	-
3. Chin Kok Wah	-	-
4. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	-	-
5. Mohd Rashid Bin Mat Ali	-	-
6. Tan Sri Dato' Ahmad Sabki Bin Jahidin	-	-
7. Dato' Jaffar Indot	-	-
8. Siaw Sat Lin	-	-

RCSLS 2007/2012

Name of Directors	No. of RCSLS	
	<u>Direct Interest</u>	<u>Deemed Interest</u>
1. Dato' Sri Haji Abd Rahim Bin Haji Abdul	-	-
2. Dato' Seow Yong Chin	-	-
3. Chin Kok Wah	-	-
4. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	-	-
5. Mohd Rashid Bin Mat Ali	-	-
6. Tan Sri Dato' Ahmad Sabki Bin Jahidin	-	-
7. Dato' Jaffar Indot	-	-
8. Siaw Sat Lin	-	-

(ii) Interest in Related Company

Other than as disclosed below, there are no other Directors of the Company who have interest, direct or indirect, in company related to Sycal Ventures Berhad:-

- (a) Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood are deemed to be interested to the extent of the number of shares held by the Company in its subsidiary companies by virtue of their direct and indirect shareholding in the Company. List of subsidiary companies of the Company and effective equity interest held is as detailed in Note 5 of the Notes to the Accounts in page 47 of this Annual Report.
- (b) Shareholdings of Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood in Cygal Holdings Sdn Bhd, a substantial shareholder holding 27,584,198 ordinary shares or 31.24% equity interest in the Company as at 30 April 2008, are as disclosed below:-

Name	No. of Shares held	
	<u>Direct</u>	<u>Deemed Interest</u>
1. Dato' Seow Yong Chin	450,000 (30.00%)	-
2. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	385,998 (25.73%)	-

LIST OF TOP 10 PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2007

Location	Tenure	Land area	Description	Age of Property	Existing Use	NBV @ 31.12.2007 (RM'000)	Date of Acquisition
<u>Federal Territory</u>							
Lot 4.21, 4 th Floor, Plaza Prima, 4 ½ Mile, Old Klang Road, 58200 Kuala Lumpur	Freehold	6,029 sq ft	Commercial + Office building	13½ years	Office	951	12 August 1994
Lot 15-5-3, Menara Hartamas Sri Hartamas, Kuala Lumpur	Freehold	1,470 sq. ft	Condominium	11½ years	Rented out	400	5 September 1996
<u>Johor</u>							
CT 13811, Lot 6019, Mukim of Senai-Kulai District of Johor Bahru	Freehold	5.37 acres	Development land	-	Development	5,179 Note (1)	6 September 1997
PTD 43282 (HSD 234582) Mukim of Senai-Kulai District of Johor Bahru	Freehold	4.114 acres	Commercial Land	-	Commercial	1,151	9 December 1993
Lot 43425, Taman Teratai Mukim of Senai Kulai District of Johor Bahru	Freehold	4,950 sq. ft	3-storey shopoffice	8 years	Vacant	516	Note (2)
Lot 43428, Taman Teratai Mukim of Senai Kulai District of Johor Bahru	Freehold	4,950 sq. ft	3-storey shopoffice	8 years	Rented out	516	Note (3)
Lot 43436, Taman Teratai Mukim of Senai Kulai District of Johor Bahru	Freehold	4,950 sq. ft	3-storey shopoffice	8 years	Rented out	516	Note (3)

LIST OF TOP 10 PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2007 (cont'd)

Location	Tenure	Land area	Description	Approximate age of building	Existing Use	NBV @ 31.12.2007 (RM'000)	Date of Acquisition
Johor (cont'd)							
Lot 43400, Taman Teratai Mukim of Senai Kulai District of Johor Bahru	Freehold	10,830 sq. ft	3-storey shopoffice	8 years	Rented out	517	Note (3)
Lot 43401, Taman Teratai Mukim of Senai Kulai District of Johor Bahru	Freehold	4,950 sq. ft	3-storey shopoffice	8 years	Rented out	516	Note (2)
Lot 43387, Taman Teratai Mukim of Senai Kulai District of Johor Bahru	Freehold	3,300 sq. ft	2-storey shopoffice	8 years	Vacant	378	Note (3)

Note (1) : This land was charged in favour of Pacific Trustees Berhad, in its capacity as security trustee of the RCSLS holders, as security for SVB's obligations to pay the minimum redemption amount of RM15 million of the RCSLS on the maturity date.

Note (2) : These properties were completed in September 1999 by Sycalland Development Sdn. Bhd., a wholly-owned subsidiary company.

Note (3) : These properties were completed in September 1999 by Sycalland Development Sdn. Bhd. and were charged to licensed financial institutions for bank guarantee facilities granted.

APPENDIX I

This is the Appendix I referred to the Special Resolution of the Notice of the Seventh Annual General Meeting of Sycal Ventures Berhad.

SYCAL VENTURES BERHAD (547651-U)
(Incorporated in Malaysia)

DETAILS OF THE PROPOSED AMENDMENTS TO THE

ARTICLES OF ASSOCIATION

OF

SYCAL VENTURES BERHAD

APPENDIX I (cont'd)

The Articles of Association of Sycal Ventures Berhad are proposed to be amended in the following manner, to be in compliance with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad:-

(a) Article 2 – Interpretation Clause

To delete the following existing interpretations in Article 2 of the Articles of Association of the Company and to substitute in entirety with the following new interpretations and that all the references to the following interpretations throughout the Articles of Association of the Company be changed accordingly:-

Existing Interpretations		Proposed Interpretations	
<i>Words</i>	<i>Meanings</i>	<i>Words</i>	<i>Meanings</i>
Approved market place	a stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) (Exemption) (No.2) Order, 1998 as may be amended, modified or altered from time to time.	Deleted	
Central Depository	<u>Malaysian Central Depository Sdn Bhd.</u>	Depository	Bursa Malaysia Depository Sdn Bhd including any further change to its name.
Central Depositories Act	the Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force.	Depositories Act	Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force.
Depositor	a holder of a Securities Account.	Depositor	a holder of a securities account established by the Depository.
Deposited Security	No previous definition.	Deposited Security	shall have the meaning given in Section 2 of the Depositories Act.
Foreign register	the register of foreign holders maintained by the registrar of the Company <u>in the jurisdiction of the Approved Market Place.</u>	Foreign register	the register of foreign holders maintained by the registrar of the Company.
Market Day	for any day on which there is official trading on the Exchange.	Market Day	a day on which the stock market of the Exchange is open for trading in securities.
Member	any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members including Depositors whose names appear on the Record of Depositors but excluding the Central Depository of its nominee company.	Member	shareholder/stockholder whose name appears in the Register of Members includes a depositor who shall be treated as if he were a member pursuant to Section 35 of the Depositories Act including any amendment thereto that may be made from time to time but excludes the Depository in its capacity as a bare trustee.

APPENDIX I (cont'd)

Rules	<u>the Rules of the Central Depository including any amendment or modification thereto.</u>	Rules of the Depository	shall have the meaning given in Section 2 of the Depositories Act 1991.
Securities	shares, debentures, stocks, options, warrants or other form of convertible securities issued and allotted by the Company and the meaning assigned to it in the Central Depositories Act.	Securities	shall have the meaning given in Section 2 of the Capital Markets and Services Act, 2007.
Securities account	an account established by the <u>Central</u> Depository for a depositor for the recording of deposit <u>or withdrawal of securities</u> and for dealing in such securities by the Depositor.	Securities Account	an account established by the Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor.
Exchange	Bursa Malaysia Securities Berhad.	The Exchange	Bursa Malaysia Securities Berhad including any further change to its name and shall include any other stock exchanges on which the Company's shares may for the time being be listed.

(b) Article 7(1)

To delete the existing Article 7(1) in its entirety and to adopt a new Article 7(1) in place thereof.

Definitions	Existing Article	Definitions	Proposed Article
Rights of preference shareholders	(1) Subject to the Act, any preference shares may with the sanction of an Ordinary Resolution be issued on the terms that they are or at the option of the Company are Liable to be redeemed <u>but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time</u> and the Company shall not issue preference shares ranking in priority over preference shares already issued but may issue preference shares ranking equally therewith.	Rights of preference shareholders	(1) Subject to the Act, any preference shares may with the sanction of an Ordinary Resolution be issued on the terms that they are or at the option of the Company are Liable to be redeemed and the Company shall not issue preference shares ranking in priority over preference shares already issued but may issue preference shares ranking equally therewith.

APPENDIX I (cont'd)

(c) Article 7(3)

To delete the existing Article 7(3) in its entirety

Definitions	Existing Article	Definitions	Proposed Article
Rights of preference shareholders	(3) <u>The holder of preference shares shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.</u>	Deleted	

and the remaining subsection under Article 7 shall be renumbered accordingly.

(d) Article 14

To delete the existing Article 14 in its entirety and to adopt a new Article 14 in place thereof.

Definitions	Existing Article	Definitions	Proposed Article
Issue of shares	The Company must ensure that all new issues of shares for which listing is sought are made in accordance with the <u>Central</u> Depositories Act and the Rules and shall be by way of crediting the Securities Accounts of the Allottees with such shares save and except where it is specifically exempted from compliance with Section 38 of the <u>Central</u> Depositories Act, in which event it shall so similarly be exempted from compliance with this requirement. For this purpose, the Company shall notify the <u>Central</u> Depository of the names of the Allottees and all such particulars required by the <u>Central</u> Depository to enable the <u>Central</u> Depository to make the appropriate entries into the Securities Accounts of such Allottees. Subject to the provisions of the Act, the <u>Central</u> Depositories Act and the Rules, the Company must allot the shares and despatch notices of allotment to the Allottees within <u>twenty (20) Market Days</u> of the final application closing date for an issue of shares or such other period as may be prescribed by the Exchange.	Issue of shares	The Company must ensure that all new issues of shares for which listing is sought are made in accordance with the Depositories Act and the Rules of the Depository and shall be by way of crediting the Securities Accounts of the Allottees with such shares save and except where it is specifically exempted from compliance with Section 38 of the Depositories Act, in which event it shall so similarly be exempted from compliance with this requirement. For this purpose, the Company shall notify the Depository of the names of the Allottees and all such particulars required by the Depository to enable the Depository to make the appropriate entries into the Securities Accounts of such Allottees. Subject to the provisions of the Act, the Depositories Act and the Rules of the Depository , the Company must allot the shares and despatch notices of allotment to the Allottees within fifteen (15) Market Days of the final application closing date for an issue of shares or such other period as may be prescribed by the Exchange.

APPENDIX I (cont'd)

(e) Article 36

To delete the existing Article 36 in its entirety and to adopt a new Article 36 in place thereof.

Definitions	Existing Article	Definitions	Proposed Article
Transmission of Securities	<p>(1) Where :-</p> <p>(a) the Securities of the Company are listed on an <u>Approved Market Place</u>; and</p> <p>(b) the Company is exempted from compliance with Section 14 of the <u>Central</u> Depositories Act or Section 29 of the Securities Industry (Central Depositories)(Amendment) Act, 1998, as the case may be, under <u>the Rules</u> in respect of such securities</p> <p>the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the <u>Approved Market Place</u> (“<u>the Foreign Register</u>”) to the register of holders maintained by the registrar of the Company in Malaysia (“the Malaysian Register”) provided that there shall be no change in the ownership of such Securities.</p> <p>(2) For the avoidance of doubt, no company which fulfils the requirements of paragraphs (a) and (b) of subsection (1) above shall allow any transmission of Securities from the Malaysian Register into the Foreign Register.</p>	Transmission of Securities	<p>(1) Where (if applicable):-</p> <p>(a) the securities of the Company are listed on another stock exchange; and</p> <p>(b) the Company is exempted from compliance with Section 14 of the Depositories Act or Section 29 of the Securities Industry (Central Depositories)(Amendment) Act, 1998, as the case may be, under the Rules of the Depository in respect of such securities,</p> <p>the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.</p> <p>(2) Deleted</p>

APPENDIX I (cont'd)

(f) Article 57(1) and (3)

To delete the existing Article 57(1) and (3) in its entirety and to adopt a new Article 57(1) and (3) in place thereof.

Definitions	Existing Article	Definitions	Proposed Article
Notice of meeting	<p>(1) The notices for convening meetings shall specify the place, the date and the hour of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any Special Resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty one (21) days' notice in the case where any Special Resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in <u>the daily press</u> and in writing to the Exchange and to each other stock exchange upon which the Company is listed.</p> <p>(2) No change</p> <p>(3) The company shall request the <u>Central</u> Depository in accordance with the Rules to issue a Record of Depositors as at <u>a date</u> not less than three (3) Market Days before the general meeting (“the General Meeting Record of Depositors”).</p>	Notice of meeting	<p>(1) The notice convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders as least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.</p> <p>(2) No change</p> <p>(3) The Company shall request the Depository in accordance with the Rules of the Depository to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days or such other period may be prescribed under the Listing Requirements or by the Exchange from time to time before the general meeting (“the General Meeting Record of Depositors”).</p>

APPENDIX I (cont'd)

(g) Article 68(b)

To delete the existing Article 68(b) in its entirety and to adopt a new Article 68(b) in place thereof.

Definitions	Existing Article	Definitions	Proposed Article
Voting Rights	(b) Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of Members or classes of Members, each Member entitled to vote may vote in person or by proxy who may but need not be a Member of the Company or by attorney on any question and on a show of hands every person who is a Member or representative or proxy of a Member shall have one (1) vote and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A proxy or attorney shall be entitled to vote both on a show of hands or on a poll.	Voting Rights	(b) Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of Members or classes of Members, each Member entitled to vote may vote in person or by proxy who may but need not be a Member of the Company or by attorney on any question and on a show of hands every person who is a Member or representative or proxy of a Member or a holder of preference shares shall have one (1) vote and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A proxy or attorney shall be entitled to vote both on a show of hands or on a poll.

(h) Article 73

To delete the existing Article 73 in its entirety and to adopt a new Article 73 in place thereof.

Definitions	Existing Article	Definitions	Proposed Article
Proxy	(1) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. <u>A Member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where the Member appoints two (2) proxies, to attend and vote at the same meeting, such appointment shall be invalid unless the Member specifies the proportion of his shareholding to be represented by each proxy.</u>	Proxy	(1) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. Where the Member appoints two (2) or more proxies, to attend and vote at the same meeting, such appointment shall be invalid unless the Member specifies the proportion of his shareholding to be represented by each proxy.

APPENDIX I (cont'd)

Definitions	Existing Article	Definitions	Proposed Article
Appointment of <u>more than one proxy</u>	(2) Where a Member is an Authorised Nominee as defined under the <u>Central Depositories Act</u> , it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities.	Appointment of at least one proxy	(2) Where a Member is an Authorised Nominee as defined under the Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account .

(i) Article 78

To delete the existing Article 78 in its entirety and to adopt a new Article 78 in place thereof.

Definitions	Existing Article	Definitions	Proposed Article
Number of Directors	<u>All the Directors shall be natural persons and</u> until otherwise determined by general meeting, the number of Directors shall not be less than two (2) nor more than eleven (11) but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum, the continuing Director or Directors may except in an emergency act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company be less than two (2) nor more than eleven (11).	Number of Directors	Until otherwise determined by general meeting, the number of Directors shall not be less than two (2) nor more than eleven (11) but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum, the continuing Director or Directors may except in an emergency act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company be less than two (2) nor more than eleven (11).

APPENDIX I (cont'd)

(j) Article 90

To delete the existing Article 90 in its entirety and to adopt a new Article 90 in place thereof.

Definitions	Existing Article	Definitions	Proposed Article
When offices of Director deemed vacant	<p>The office of a Director shall become vacant if the Director:-</p> <p>(a) becomes bankrupt or makes any arrangement or composition with his creditors generally;</p> <p>(b) becomes prohibited from being a Director by reason of any order made under the Act or contravenes Section 130 of the Act;</p> <p>(c) ceases to be or is prohibited from being a Director by virtue of the Act;</p> <p>(d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;</p> <p>(e) resigns his office by notice in writing to the Company and deposited at the Office;</p> <p>(f) is removed from his office as Director by resolution of the Company in general meeting of which special notice has been given; or</p> <p>(g) <u>absents himself from more than fifty per cent (50%) of the total Board of Directors' meetings held during a financial year, unless approval is sought and obtained from the Exchange.</u></p>	When offices of Director deemed vacant	<p>The office of a Director shall be vacated in any of the following event, namely:-</p> <p>(a) becomes bankrupt or makes any arrangement or composition with his creditors generally during his term of office;</p> <p>(b) becomes prohibited from being a Director by reason of any order made under the Act or contravenes Section 130 of the Act;</p> <p>(c) ceases to be or is prohibited from being a Director by virtue of the Act;</p> <p>(d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during his term of office;</p> <p>(e) resigns his office by notice in writing to the Company and deposited at the Office;</p> <p>(f) is removed from his office as Director by resolution of the Company in general meeting of which special notice has been given; or</p> <p>(g) Deleted</p>

APPENDIX I (cont'd)

(k) Article 130

To delete the existing Article 130 in its entirety and to adopt a new Article 130 in place thereof.

Definitions	Existing Article	Definitions	Proposed Article
<p>To whom copies of profit and loss accounts etc may be sent</p>	<p>The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the Section. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors' and Auditors' reports shall not exceed four (4) months. A copy of each such documents shall not be less than twenty one (21) days before the date of the meeting be sent to every Member of and to every holder of debentures of the Company under the provisions of the Act or of these presents. The requisite number of copies of each such documents as may be required by the Exchange and/or other stock exchange(s), if any, upon which the Company's shares may be listed shall at the time be likewise sent to the Exchange and/or such other stock exchange(s), provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.</p>	<p>To whom copies of profit and loss accounts etc may be sent</p>	<p>The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the Section. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors' and Auditors' reports shall not exceed four (4) months. A copy of each such documents which can be issued in the form of a printed copy or CD-ROM or any other form of electronic media shall not less than twenty-one (21) days before the date of the meeting, provided always that it shall not exceeding six (6) months from the close of a financial year of the Company, be sent to every Members of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such documents as may be required by the Exchange and/or other stock exchange(s), if any, upon which the Company's shares may be listed shall at the same time be likewise sent to the Exchange and/or such other stock exchange(s), provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. In the event that the annual report is sent in CD-ROM form or such form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) Market Days from the date of receipt of the Members' request or such period as may be prescribed by the Exchange.</p>

PROXY FORM

SYCAL VENTURES BERHAD
(547651-U)

No. of shares held	
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I/We,
(Company/NRIC/Passport No.) of
.....
being a Member of the abovenamed Company, hereby appoint
..... (NRIC/Passport No.)
of
or failing him,
(NRIC/Passport No.) of
.....
as my/our proxy to vote for me/us on my/our behalf at the Seventh Annual General Meeting of the Company, to be held at Pearl International Hotel, Room Flamingo II, 7th Floor, 5th Miles, Old Klang Road, 58000 Kuala Lumpur on the 27th day of June, 2008 at 9.00 a.m., and at any adjournment thereof as indicated:-

No.	Resolutions	For	Against
1.	Receive of Audited Financial Statements and Reports of the Directors and Auditors		
2.	Re-election of Chin Kok Wah as Director		
3.	Re-election of Siaw Sat Lin as Director		
4.	Re-appointment of Tan Sri Dato' Ahmad Sabki Bin Jahidin as Director		
5.	Re-appointment of Dato' Jaffar Indot as Director		
6.	Re-appointment of Messrs. SC Associates as Auditors and to authorise the Directors to fix their remuneration		
7.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
8.	Proposed amendments to the Articles of Association of the Company		

Please indicate with a cross ("X") in the appropriate box against each Resolution how you wish your proxy to vote. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he think fit.

Signed this day of, 2008.

.....
Signature / Common Seal of Member

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.03A, 4th Floor, Plaza Prima, 4½ Miles, Jalan Kelang Lama, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.