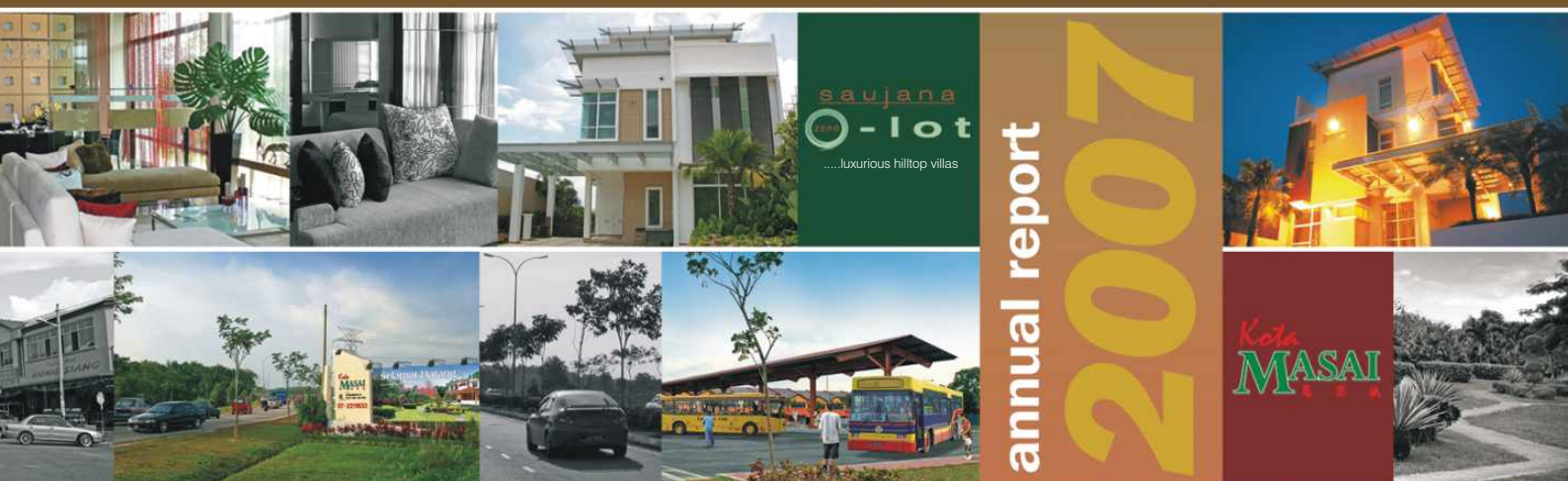




HOLDINGS BERHAD



Saujana O-lot, Shah Alam

Kota Masai, Johor Darul Ta'zim



Kota
MASAI
S E A



SAHJON
-lot
.....luxurious hilltop villas

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Fourth Annual General Meeting of Focal Aims Holdings Berhad will be held at the **Ballroom 1, Hyatt Regency Johor Bahru, Jalan Sungai Chat, 80720 Johor Bahru, Johor Darul Ta'zim** on **Wednesday, 27 February 2008 at 11.00 a.m.** for the following purposes:-

AGENDA

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 30 September 2007 together with the Auditors' Report thereon.
(Resolution 1)
2. To approve the Directors' Fees for the financial year ended 30 September 2007.
(Resolution 2)
3. To approve the declaration of a final dividend of 0.80% less income tax for the financial year ended 30 September 2007.
(Resolution 3)
4. To re-elect the following Directors who are retiring in accordance with Article 80 of the Articles of Association of the Company:-
(a) Pang Tin @ Pang Yon Tin
(b) Wan Mustapha Bin Wan Ismail
(c) Woon See Chin
(Resolution 4)
(Resolution 5)
(Resolution 6)
5. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.
(Resolution 7)
6. **As Special Business**

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

ORDINARY RESOLUTION

- Authority to issue and allot shares

"That subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental / regulatory authorities, the directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965 to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting to such persons and upon such terms and conditions and for such purposes as the directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 per centum of the issued share capital of the Company for the time being."
(Resolution 8)

SPECIAL RESOLUTION

- Proposed Amendments to the Articles of Association of the Company

"THAT the proposed amendments, modifications, additions or deletions to the Articles of Association of the Company as set out in Appendix I of the Circular to Shareholders dated 31 January 2008 be and are hereby approved and adopted AND THAT, the Board of Directors be and is hereby authorised to give effect to the said amendments, modifications, additions or deletions."
(Resolution 9)

7. To transact any other ordinary business for which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the Record of Depositors of the Company will be closed at 5.00 p.m. on 31 March 2008

for the purpose of determining shareholders' entitlement to the final dividend of 0.80% less income tax in respect of the financial year ended 30 September 2007.

The dividend, if approved, will be paid on 25 April 2008 to shareholders whose names appear in the Record of Depositors (ROD) on 31 March 2008.

A Depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 31 March 2008 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Chua Siew Chuan
Lim Yew Heang
Company Secretaries

Kuala Lumpur
31 January 2008

Explanatory Note to Special Business:

1. The proposed adoption of the Ordinary Resolution is primarily to give flexibility to the Board of Directors to issue and allot shares to such persons at any time in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the issued share capital of the Company for the time being.
2. The proposed adoption of the Special Resolution will bring the Company's Articles of Association in line with the amendments made to the Listing Requirements of Bursa Malaysia Securities Berhad and Companies Act 1965, where applicable, and to enhance administrative efficiency.

Notes:-

1. A member entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and vote in his stead. A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
2. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
3. The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 338, 3rd Floor, Johor Tower, Jalan Gereja, 80100 Johor Bahru not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

Statement accompanying the Notice of Annual General Meeting

Directors standing for re-election at the Thirty-Fourth Annual General Meeting of the Company are as follows:-

1. Pang Tin @ Pang Yon Tin
2. Wan Mustapha Bin Wan Ismail
3. Woon See Chin

The profiles of the above Directors are set out on page 4 - 5 of the Annual Report. Their shareholdings in the Company and its subsidiaries are set out on page 74 of the Annual Report.

Corporate Information & Board of Directors



BOARD OF DIRECTORS

Chairman

Tan Sri Datuk Mohd Razali bin Abdul Rahman

Group Managing Director

E. Seng Kiw @ Yee Oy Chong

Group Executive Director

Yee Yok Sen

Members

Datuk Che Mokhtar bin Che Ali

Wan Mustapha bin Wan Ismail

Phang Piow @ Pang Choo Ing

Pang Tin @ Pang Yon Tin

Woon See Chin

Tee Boon Hin

REGISTERED OFFICE

Suite 338, 3rd Floor

Johor Tower

Jalan Gereja

80100 Johor Bahru

Johor Darul Ta'zim

Tel No: 07-2211833

Fax No: 07-2246066

AUDIT COMMITTEE

Datuk Che Mokhtar bin Che Ali

Chairman (Independent Non-Executive Director)

Woon See Chin

Independent Non-Executive Director

Tee Boon Hin

Independent Non-Executive Director

COMPANY SECRETARIES

Chua Siew Chuan (MAICSA No: 0777689)

Lim Yew Heang (MAICSA No: 7007653)

REGISTRAR

Securities Services (Holdings) Sdn Bhd

(Co. No. 36869-T)

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Tel No: 03-20849000

Fax No: 03-20949940

AUDITORS

Ernst & Young

Chartered Accountants

Suite 11.2A, Level 11

Menara Pelangi

2, Jalan Kuning

Taman Pelangi

80400 Johor Bahru

PRINCIPAL BANKERS

AmBank Berhad

AmInvestment Bank Berhad

Public Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

(Main Board)

Profile of Directors

TAN SRI DATUK MOHD RAZALI BIN ABDUL RAHMAN

Tan Sri Datuk Mohd Razali bin Abdul Rahman, aged 61, a Malaysian, is a Non-Independent Non-Executive Director and the Chairman of Focal Board of Directors. Tan Sri was appointed to the Board on 18 February 2003. He holds a Bachelor's Degree in Commerce from the University of New Castle, Australia in 1972 and Master's Degree in Financial Management from the University of Queensland, Australia in 1980. He is a Fellow of the Australian Society of Certified Public Accountant. He has been the Chairman of Company's subsidiaries, Focal Aims Sdn Bhd ("FASB") and Focal Aims Properties Sdn Bhd ("FAPSB") since 1994 and 1998 respectively. He is currently the Chairman of Peremba (Malaysia) Sdn Bhd. He also serves in the board of Saujana Resort (M) Berhad and Pembangunan Mas Melayu Berhad. He is the major shareholder of Peremba (Malaysia) Sdn Bhd. He has attended three (3) out of six (6) Board Meetings held to-date in the financial year ended 30 September 2007. He is the Chairman of the Remuneration Committee of the Company.

E. SENG KIW @ YEE OY CHONG

Mr. E. Seng Kiw @ Yee Oy Chong, aged 67, a Malaysian, is a Non-Independent Executive Director and the Group Managing Director of Focal. He was appointed to the Board of Focal on 9 November 1999. He holds a Masters Degree in Business Administration from Honolulu University in the United States of America ("USA"). He is also the Managing Director of the subsidiary companies, Focal Aims Properties Sdn Bhd ("FAPSB") and Focal Aims Sdn Bhd ("FASB"). He held the position of Managing Director of Menang Corporation Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad (Previously known as Kuala Lumpur Stock Exchange) from 1985 to 1989. He has over thirty (30) years working experience in property development, logging and saw milling and is the driving force behind the Focal Group's growth. He is also responsible for the overall management and formulation of the Focal Group's strategic plans and policies. He holds directorships in several private limited companies. He has attended all of the six (6) Board Meetings held to-date in the financial year ended 30 September 2007. He is the brother of Mr. Yee Yok Sen, *the Group Executive Director*. Mr. E. Seng Kiw @ Mr. Yee Oy Chong also sits in the Executive Committee of the Company.

YEE YOK SEN

Mr. Yee Yok Sen, aged 51, a Malaysian, is a Non-Independent Group Executive Director of Focal. He was appointed to the Board of Focal on 9 November 1999. He has over twenty (20) years experience in the property development sector. He also holds directorships in several private limited companies. He has attended all of the six (6) Board Meetings held to-date in the financial year ended 30 September 2007. He is the brother of Mr. E. Seng Kiw @ Yee Oy Chong, *the Group Managing Director*. Mr. Yee Yok Sen is also a member of Budget Committee of the Company.

DATUK CHE MOKHTAR BIN CHE ALI

Datuk Che Mokhtar bin Che Ali, aged 54, a Malaysian, is an Independent Non-Executive Director and the Chairman of the Audit Committee of Focal. He has been on the Board of Focal since 31 January 1997. He obtained his Bachelor of Arts (B.A) and Bachelor of Law (LLB) degrees from Victoria University of Wellington, New Zealand. He was a former Magistrate and Deputy Public Prosecutor. He has been an Advocate and Solicitor of the High Court of Malaya since 1983. He has attended all the six (6) Board Meetings held to-date in the financial year ended 30 September 2007. Datuk also sits on the Executive Committee and Remuneration Committee of the Company.

WAN MUSTAPHA BIN WAN ISMAIL

Encik Wan Mustapha bin Wan Ismail, aged 59, a Malaysian, is a Non-Independent Non-Executive Director and he was appointed to the Board of Focal on 9 November 1999. He graduated with a Bachelor of Commerce from the University of Newcastle, New South Wales, Australia in 1973. He is an Associate Member of the Institute of Chartered Accountant of Australia and also a Chartered Accountant with the Malaysian Institute of Accountants. He was attached to General Lumber Fabricators and Builders Berhad ("GLFB"), a company listed on the Second Board of Bursa Malaysia Securities Berhad (Previously known as the Kuala Lumpur Stock Exchange) as the Group Managing Director for seven (7) years until he resigned in July 2000. He was re-appointed to the Board of GLFB in November 2000 and was subsequently appointed as the Executive Director in February 2001 until 21 August 2003. He also holds directorships in several private limited companies. He has attended all the six (6) Board Meetings held to-date in the financial year ended 30 September 2007. He is the Chairman of Nomination Committee and Budget Committee of the Company.

Profile of Directors (cont'd)

PHANG PIOW @ PANG CHOO ING

Mr. Phang Piow @ Pang Choo Ing, aged 66, a Malaysian, is a Non-Independent Non-Executive Director and he was appointed to the Board of Focal on 9 November 1999. He holds a Bachelor of Business Administration from Honolulu University, USA and a Masters of Business Administration from Greenwich University, Australia. Mr Phang Piow is also an Executive Director of FAPSB and has been an Executive Director of FASB since 1994. He has over thirty (30) years experience in property development, property investment, quarrying, construction, manufacturing and hotel management. He also holds directorships in several private limited companies. He has attended all six (6) Board Meetings held to-date in the financial year ended 30 September 2007. He is the brother of Mr. Pang Tin @ Pang Yon Tin. Mr. Phang Piow also sits in the Remuneration Committee of the Company.

PANG TIN @ PANG YON TIN

Mr. Pang Tin @ Pang Yon Tin, aged 61, a Malaysian, is a Non-Independent Non-Executive Director and he was appointed to the Board of Focal on 9 November 1999. He has been a director of FASB since 1996. He has over twenty-eight (28) years experience in various sectors, encompassing property development, property investment, construction, quarrying, manufacturing and hotel management. He also holds directorships in several private limited companies. He has attended all six (6) Board Meetings held to-date in the financial year ended 30 September 2007. He is the brother of Mr. Phang Piow @ Pang Choo Ing.



WOON SEE CHIN

Mr. Woon See Chin, aged 64, a Malaysian, is an Independent Non-Executive Director and he was appointed as a Director of Focal on 9 November 1999. He graduated from the law school of University of Singapore and is an advocate and solicitor by profession and has been in legal practice in Johor Bahru for more than twenty-eight (28) years. He was also a Johor State Assembly member in 1982 and was elected as a Member of Parliament of Malaysia from 1986 to 1995. He served as a Deputy Minister of Education of Malaysia for four (4) years from 1986 to 1990. He has attended all six (6) Board Meetings held to-date in the financial year ended 30 September 2007. He is also a Chairman of the Executive Committee and a member of Audit Committee and Nomination Committee of the Company.

TEE BOON HIN

Mr. Tee Boon Hin, aged 46, a Malaysian, is an Independent Non-Executive Director and he was appointed as a Director of Focal on 9 November 1999. He is an Accountant by profession and has been in public practice in Johor Bahru since 1993. He graduated with a Bachelor of Commerce Degree from the University of Canterbury, New Zealand, in 1985. He is a member of the Institute of Chartered Accountants of New Zealand, an associate member of the Chartered Secretaries New Zealand Incorporated, a Chartered Accountant with the Malaysian Institute of Accountants and a Fellow member of the Malaysian Institute of Taxation. He has been attached to a number of public accounting firms, both overseas and in Malaysia, for over twenty (20) years. He has attended all six (6) Board Meetings held to-date in the financial year ended 30 September 2007. He is a member of the Executive Committee, Audit Committee, Nomination Committee and Budget Committee of the Company.

Other Information

All the directors have no conviction for any offences and they all have no conflict of interests with the Company.

Chairman's Statement

“ On behalf of the Board of Directors of Focal Aims Holdings Berhad, I am pleased to present to you the Annual Report and the Financial Statements of the Group and the Company for the financial year ended 30 September 2007. ”



OVERVIEW

During the financial year under review, the uncertainty at the international scene has created a challenging environment for the Malaysian economy. The momentum of increase for oil prices has been carried forward from last year, and in fact further strengthened to an unprecedented level as a result of the imminent tightening of oil supply due to Iran's nuclear issues as well as the pent-up demand of energy sources from China and India.

On the domestic front, the increase in energy prices has invariably affected prices of many items at various sectors of the economy. The cost of construction as well as transportation has increased significantly for the year under review. The cost of consumer goods has also increased alongside the increase of oil prices. Nevertheless, the Group managed to go through such challenging year unscathed by achieving positive results for the financial year ended 30 September 2007.

saujana
ZERO - lot
.....luxurious hilltop villas



Chairman's Statement (cont'd)

FINANCIAL HIGHLIGHTS

For the financial year under review, the Group recorded a profit before tax of RM4.05 million on revenue of RM52.97 million compared to profit before tax of RM2.0 million on revenue of RM46.9 million in 2006. The profit after tax has recorded RM10.27 million, a 17-fold increase compared to last year's RM0.56 million. This is partly due to the adjustment of deferred taxation relating to the reduction in

tax rates for the years of 2007, 2008 and 2009. The revenue, profit before tax and profit after tax have increased mainly due to improved performance by the subsidiary, Focal Aims Sdn Bhd. The Group's earnings per share was 4.06 sen per share, and the total assets and shareholders' funds as at 30 September 2007 stood at RM508.04 million and RM311.35 million respectively.



OPERATIONAL REVIEW

Johor Bahru

The Group's development in Johor Bahru is located at the eastern part of the Iskandar Development Region ("IDR"). It is an integrated township known as **Kota Masai** and the development covers an area of 2,500 acres. As at to-date, more than 14,400 units of residential, industrial and commercial properties have been sold and the population has grown from zero to more than 70,000 people.

Kota Masai forms an integral part of the eastern region of the IDR. It is situated at close proximity to a few important elements of IDR, namely the Pasir Gudang Port, Pasir Gudang Industrial Park, and Tanjung Langsat Technology Park. Furthermore, the Senai-Desaru Highway which is currently under construction passes close to the northern tip of **Kota Masai** with an interchange located within five (5) kilometres away. This highway is poised to become an alternative route that will not only shorten the travelling time but also improve the connectivity between **Kota Masai** and Senai Airport, Desaru, Ulu Tiram, Kota Tinggi, and the Tebrau area.

Kota
MASAI
馬賽城



Chairman's Statement (cont'd)

During the financial year under review, the Group had sold 301 units of properties. The total number of units sold was lower than the previous year, however, more commercial and industrial units with higher margin was sold for the year under review. As matter of fact, 10% of the sales were contributed by both commercial and industrial properties. This was a marked improvement compared to the previous year mainly attributed by the positive effects of IDR. The balance sales was made up by residential properties encompass of double storey low medium houses, single and double storey terrace houses and double storey semi-detached houses. As a result of the increased sales of higher margin properties, the financial performance had improved for the year under review.

Klang Valley

The Group's maiden project in the Klang Valley known as **Saujana 0-Lot** was soft launched in the first quarter of financial year 2007 pending completion of the show units. The intended schedule to official launch the project was actually deferred because the response to **Saujana 0-Lot** was overwhelming. The sales of phase 1 that comprises 45 units of SD Villa and 3 units of D Villa has been very satisfactory. As a result, the official launch is now being reserved for phase 2 which is expected to be ready by the third quarter of financial year 2008 (April-June 2008).

The 0-lot concept essentially means pushing one side of the building to the boundary line, leaving spacious area in the garden for leisure activities. The SD Villa is the 0-lot

version of the conventional semi-detached houses. The SD Villa will let you own a bungalow unit at semi-detached prices but with all bungalow luxury. The D Villa is the 0-lot concept of bungalow houses whereby the ten-foot setback for one side of the house is not required. Similarly, this leaves plenty more room for better usage and design for a 0-Lot bungalow. The entire **Saujana 0-Lot** covers an area of 25 acres to be developed in three (3) phases over a period of five (5) years.

PROSPECT

The continual hike of oil prices, the Iran nuclear issues and the recent subprime mortgage issues happened in the US had altogether created uncertainties for the world economy. The surge of oil prices has pushed up the costs of everything and as a result, the issue of inflation is becoming a main concern for many countries in the world including Malaysia.

The subprime woes have affected the financial markets around the world as and when pieces of negative news and information are unearthed. The jittery performance of the stock markets may have adverse effect on consumers' sentiments if it were to last for a long period. The good news is that the US interest rate is reducing and is expected to remain stable if not lower for quite some time, and this should release the pressure for the rest of the world to increase their interest rates.

saujana
ZERO - lot
.....luxurious hilltop villas



Kota
MASAI
馬賽



Chairman's Statement (cont'd)

The Malaysian economy is expected to grow further in the coming year 2008 amidst world uncertainties. The domestic demand is expected to lead Malaysia to positive growth for the next few years. The government is taking the lead to spur economic growth as evidenced by announcing the various special economic regions that cover the whole of Malaysia. At the south, there is Iskandar Development Region ("IDR"); at the east, there is East Coast Economic Region ("ECER"); at the north, there is Northern Corridor Economic Region ("NCER"); and at East Malaysia, there is Sarawak Corridor of Renewable Energy ("SCRE"). Coupling with RM200 billion of intended government spending in 2006-2010 under the Ninth Malaysian Plan (9MP), positive economic growth is expected.

On Inflation, the Malaysian consumer price index is expected to grow higher but still within tolerable limits. With the interest rate in Malaysia expected to remain stable together with easy financing from the banking industry, the environment is conducive to the property market. As evidenced by our **Saujana 0-Lot**, the high end niche market in the Klang Valley region is still very attractive to affluent purchasers, and the IDR effect also generates further interests to our **Kota Masai** development.

Going forward, barring any unforeseen circumstances, the Group is confident to improve its current performance and achieve a better result for the coming financial year ended 30 September 2008.

DIVIDEND

The Board is pleased to recommend for the shareholders' approval at the forthcoming Annual General Meeting, a first and final dividend of 0.80% less income tax, for the financial year ended 30 September 2007.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I extend my appreciation to the management and staff for their diligence, commitment and dedication to the Group. I wish to put on record my gratitude to my fellow directors for their contribution and guidance. I also like to express my sincere gratitude and appreciation to our bankers, business associates, customers, various government agencies and local authorities for their continuing support. To our valued shareholders, I would like to offer my deepest appreciation for your trust and confidence in the Group.

Financial Highlights

	2007	2006 (Restated)	2005	2004	2003
Paid-up capital (RM'000)	253,317	253,317	253,317	253,317	253,317
Net Assets (RM'000)	311,349	298,265	302,619	300,888	299,978
Net Assets per share (sen)	123	118	119	119	118
Revenue (RM'000)	52,965	46,855	66,320	78,467	71,496
Profit/(Loss) before taxation & after exceptional item (RM'000)	4,047	1,994	6,989	8,720	17,955
Profit/(Loss) after taxation & after exceptional item (RM'000)	10,273	565	4,467	5,404	12,497
Net earnings/(loss) per share (sen)	4.06	0.22	1.76	2.13	4.93
Pretax profit/(loss) margin (%)	7.64	4.3	10.5	11.1	25.1
Current ratio	2.80	3.45	3.21	3.26	3.18
Return on capital employed (%)	1.3	0.7	2.3	2.9	6.0
Total borrowings (RM'000)	120,796	105,288	46,148	50,602	52,732
Gearing (times)	0.39	0.35	0.15	0.17	0.18

Financial Highlights (cont'd)



GROUP REVENUE (RM'000)



PROFIT/(LOSS) BEFORE TAX (RM'000)



PROFIT/(LOSS) AFTER TAX (RM'000)



NET ASSETS (RM'000)



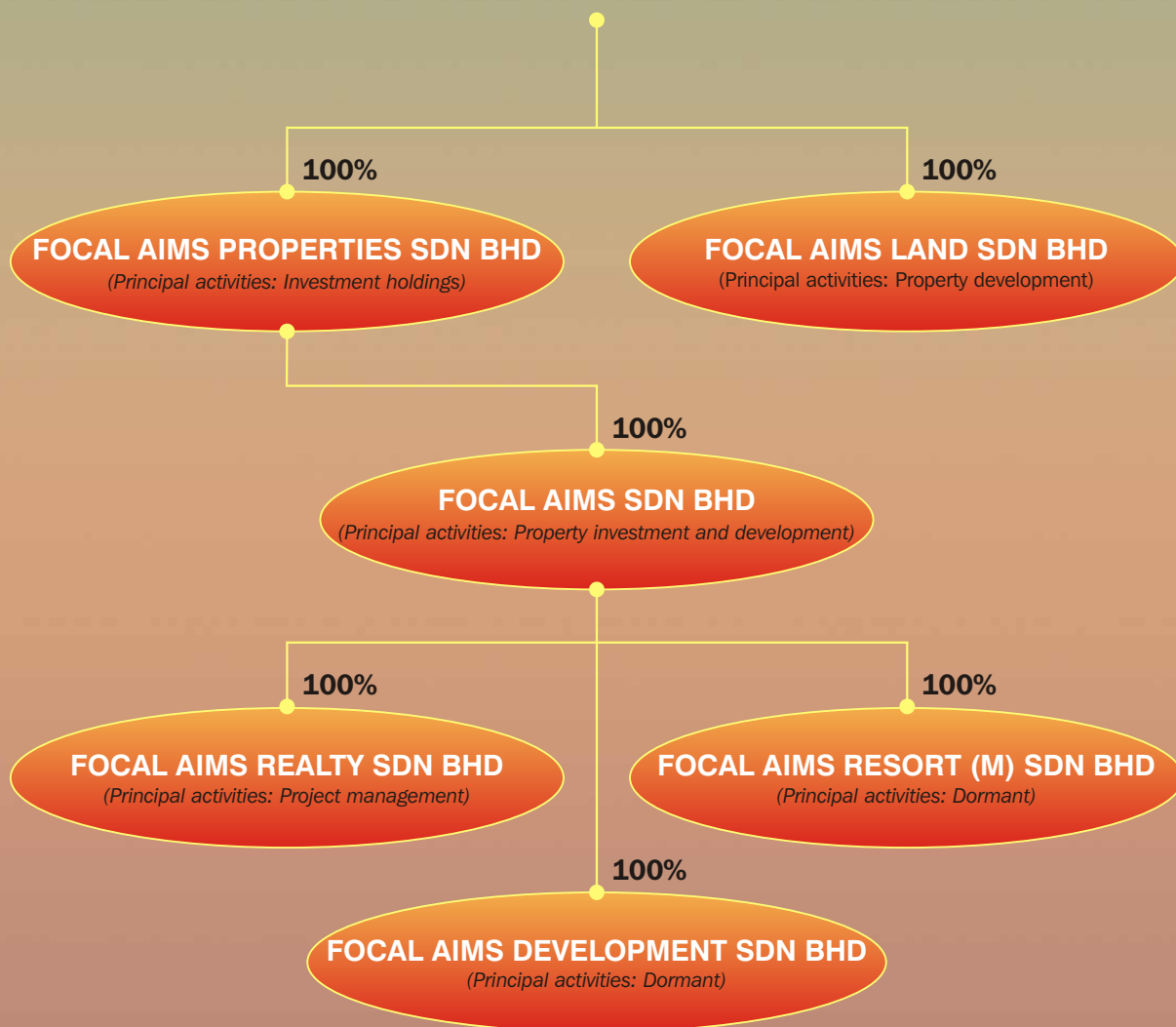
EARNING PER SHARE (Sen Per Share)

Group Corporate Structure



FOCAL AIMS HOLDINGS BERHAD

(Principal activities: Investment holdings)



Audit Committee Report



Size and Composition

The members of the Audit Committee currently comprised of three (3) independent non-executive directors.

During the financial year ended 30 September 2007, the Committee held a total of five (5) meetings and the meetings were held on the 29 November 2006, 8 January 2007, 28 February 2007, 29 May 2007 and 28 August 2007.

Members

The present members of the Audit Committee of the Company are:-

Name	Designation	Attendance of meetings
(a) Datuk Che Mokhtar Bin Che Ali (Chairman)	Independent Non-Executive Director	Attended all 5 meetings
(b) Woon See Chin	Independent Non-Executive Director	Attended all 5 meetings
(c) Tee Boon Hin	Independent Non-Executive Director	Attended all 5 meetings

TERMS OF REFERENCE OF AUDIT COMMITTEE

Composition of members

The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit Committee members shall be independent directors. The term of office of the audit committee is three (3) years and may be re-nominated and appointed by the Board of Directors.

In this respect, the Board adopts the definition of “independent director” as defined under the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any practice notes issued thereto.

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must be:-

- (a) a member of the Malaysian Institute of Accountant (“MIA”); or
- (b) if he is not a member of MIA, he must have at least 3 years of 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 the accountants specified in Part II of the First Schedule of the Accountants Act 1967.
- (c) fulfils such other requirements as prescribed by Bursa Securities.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

Audit Committee Report (cont'd)

Chairman

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be independent director to chair the meeting.

Secretary

The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

Meetings

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.

Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, the Chief Executive Officer, the Finance Director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

The Finance Director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors without executive Board members present at least twice a year and whenever necessary.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board. The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

Quorum

The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.

Objectives

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

- evaluate the quality of the audits performed by the internal and external auditors;
- provide assurance that the financial information presented by management is relevant, reliable and timely;
- oversee compliance with laws and regulations and observance of a proper code of conduct;
- determine the quality, adequacy and effectiveness of the Group's control environment; and
- provide and advise the Board and make recommendation concerning the Group's risk profile and assist in the implementation of the risk management structure in the Group.

Audit Committee Report (cont'd)



Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

- (a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.
- (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.
- (c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).
- (e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.
- (f) convene meetings with the external auditors, without the attendance of the executive member of the Audit Committee, whenever deemed necessary.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

- (a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- (b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (c) To review with the external auditor his evaluation of the system of internal controls and his audit report;
- (d) To review the quarterly and year-end financial statements of the Board, focusing particularly on: –
 - any change in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- (e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- (f) To review the external auditor's management letter and management's response;
- (g) To do the following, in relation to the internal audit function:-
 - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

Audit Committee Report (cont'd)

- (h) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (i) To report its findings on the financial and management performance, and other material matters to the Board;
- (j) To consider the major findings of internal investigations and management's response;
- (k) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;
- (l) To determine the remit of the internal audit function;
- (m) The assistance given by the employees of the listed issuer to the external auditor;
- (n) To consider other topics as defined by the Board;
- (o) To advise the Board of Directors and make recommendations in respect of risk management on the following matters:
 - Monitoring of risk management processes to be integrated into all core business processes. Culture of the organization to reflect the risk consciousness of the Board;
 - The Risk Register for ensuring that all risks are well managed;
 - The enterprise risk scorecard and the determination of the risks; and
 - The consolidated risk and assurance report for support to the statement relating to internal control in the Company's annual report.
- (p) To consider and examine such other matters as the Audit Committee considers appropriate.

Activities of the Committee during the year

During the year under review, the Committee carried out the following activities during the year ended 30 September 2007 in the discharge of its functions and duties.

1. Reviewed of financial statements:

- (a) Reviewed the quarterly report and annual reports of the Company and Group prior to submission to the Board of Directors for consideration and approval.
- (b) Reviewed the financial statements and ensure that the financial reporting and disclosure requirements of the relevant authorities are duly complied with.

2. Matters relating to External Audit:

- (a) Reviewed the external auditor audit planning memorandum for the Company and Group covering the audit objectives and approach, key audit areas and relevant accounting standards issued by MASB and other relevant technical pronouncement.
- (b) Reviewed the results of the audit, audit report and findings on the financial and management performance of the Company and Group and reported to the Board of Directors.
- (c) Reviewed the external auditor's evaluation of system of internal controls, management letter on internal control recommendations and management's response (if any).
- (d) Evaluated the performance of external auditors and made recommendations to the Board on their appointment, scope of work and audit fee.

3. Matters relating to Internal Audit:

- (a) Reviewed the annual audit plan to ensure adequate scope and coverage on the activities of the Group based on the identified and assessed key risk areas.

Audit Committee Report (cont'd)



- (b) Reviewed the internal audit report in respect of the audit recommendation, management response as well as actions taken to improve the system of internal control and procedures. Report to the Board on major findings from the internal audit report and made recommendations to the Board for consideration and approval of the internal audit report.
- (c) Assessed the performance of the internal auditors and made recommendations to the Board on their appointment, scope of work and fees.

4. Risk Management

- (a) Reviewed the risk register and enterprise risk scorecard as prepared by the management to ensure that all risks were well managed and reported to the Board.
- (b) Provided a consolidated risk and assurance report to the Board for support to the statement relating to internal control in the Company's annual report.

5. Other activities

- (a) Reviewed the disclosures of any related party transactions that arose within the Group and reported the relevant related party transactions.

Internal Audit Functions

The Company has outsourced the Internal Audit functions to Messrs KPMG Malaysia. Messrs KPMG's terms of appointment will expire on 30 September 2008. The Internal Auditor's scope of work is as follows:

- Develop internal audit strategy based on the risk assessment identified
- Audit Plan
- Execution
- Communicate results

The audit approaches adopted are based on the Risk Based Approach taking into account the global best practices and industry standards.

The internal plan is being reviewed and approved by the Committee at the beginning of the financial year prior to the execution.

The principal responsibilities of the Internal Audit function is to provide assurance that the system of internal controls of the Group is operating satisfactorily and effectively by complying with the policies and procedures, with law and regulations and assessment of risk and adequacy of risk management as to provide assurance to the stakeholders and add value to the Group's operations.

The areas of audit conducted by the Internal Auditor during the year were as follows:

1. Audit work on project management focusing on illegal foreign workers; changes in material prices; cost overrun; workmanship and quality of material; and structural failure,
2. Audit work on financial management with regard to tax exposure from tax audits,
3. Audit work on compliance of property related regulation and listing requirement,
4. Audit work on safety, health and environment with regard to site security and compliance with safety requirement for example OSHA,
5. Audit work on sales and marketing focusing on response to sales launches and competition and
6. Follow-up and update of previous cycle of audit on project management and sales and marketing section.

The Internal Audit reports incorporated the findings, recommendations for improvements, management action, implementation of the recommendations. Follow-up actions on the implementations were tabled at the Audit Committee and Board Meetings for approval.

Statement of Corporate Governance

The Board of Directors of Focal is committed to ensure that the highest standard of Corporate Governance is practiced throughout the Group with the objective of strengthening the Groups growth, corporate accountability and safeguarding the interests of the shareholders.

The Board of Directors is pleased to report a statement to the shareholders on how the Group has applied the principles of good corporate governance and compliance of the best practices set out in the Malaysian Code of Corporate Governance.

The Board of Directors

The Board's principal responsibilities for corporate governance are by setting out the strategic direction of the Group, establishing the objectives and achievement of the objectives or goals.

The current Board comprises two (2) executive directors and seven (7) non-executive directors. Three of the non-executive directors are independent directors, which complied with paragraph 15.02 of the Listing Requirements (Paragraph 15.02: A listed issuer must ensure that at least 2 directors or 1/3rd of the board of directors of a listed issuer, whichever is the higher, are independent directors). The Directors collectively have wide range of experience and expertise drawn from the area of legal, business, accounting and financial. Their expertise, experience and background are vital for the strategic direction of the Group. The profiles of the Directors are set out on pages 4 to 5.

The division of responsibilities is clearly defined between the Chairman and Group Managing Director. The Chairman is responsible for ensuring the effectiveness of the Board and conduct while the Group Managing Director has the overall responsibilities of managing the operation and performance of the Group, implementation policies and executive decision-making. The independent non-executive directors play an important role to ensure the views provided are professional and independent and that the advice and judgment made to issues and decisions are to the best interest of the stakeholders and the Group.

The Board is satisfied that investment of the minority shareholders in the Company is fairly reflected through Board representation.

Mr. Woon See Chin is the senior independent non-executive director of the Board to whom concerns maybe conveyed.

The Board meets at least four times a year, with additional meetings for particular matters convened as and when necessary. Six (6) Board meetings were held during the year ended 30 September 2007. The record of their meeting attendance is as follows:

Directors		Number of Board Meetings Attended / Held (during the Directors' tenure for the current financial year)
Tan Sri Datuk Mohd. Razali bin Abdul Rahman	Chairman	3 / 6
E. Seng Kiw @ Yee Oy Chong	Group Managing Director	6 / 6
Yee Yok Sen	Group Executive Director	6 / 6
Datuk Che Mokhtar bin Che Ali	Independent Non-Executive Director	6 / 6
Wan Mustapha bin Wan Ismail	Non-Independent Non-Executive Director	6 / 6
Phang Piow @ Pang Choo Ing	Non-Independent Non-Executive Director	6 / 6
Pang Tin @ Pang Yon Tin	Non-Independent Non-Executive Director	6 / 6
Woon See Chin	Independent Non-Executive Director	6 / 6
Tee Boon Hin	Independent Non-Executive Director	6 / 6

Statement of Corporate Governance (cont'd)



Supply of Information

All the Directors are notified of the Board meetings within stipulated time prior to the meetings date. Board papers together with the agenda are circulated to all the Directors prior to Board Meetings. This is to ensure that the Directors are given sufficient time to read the Board papers before the Board Meetings and enable all Directors to discuss the issues to be raised at the meetings as well as discharge their duties appropriately.

The Executive Directors lead the presentation and provides explanation on the papers.

All the Directors have direct access to the Senior Management and the services of the Company Secretary. In addition, the Directors may seek independent professional advice as and when necessary in discharging their responsibilities.

The Board has also established the following Committees to assist the Board in execution of its responsibilities. The Board has approved the terms of reference of each of the Committee.

1. Audit Committee

The Audit Committee's principal objectives is to assist the Board in discharging its statutory duties and responsibilities pertaining to the compliance with the law and regulations, accounting standards and review of the effectiveness of the internal control system and provide assurance concerning the Group's risk profile and assist in the implementation of the risk management structure.

The report on the Audit Committee is on pages 17 to 21.

2. Executive Committee

The principal objective of the Executive Committee is to assist the Board in discharging its responsibilities in respect of various matters or aspects that the Board mandates. The existing issue dealt with by the Executive Committee is pertaining to the award of contracts where certain authority limit has been set for the Committee to approve the contract to be awarded. During the financial year ended 30 September 2007 two (2) meeting were held.

Composition of Executive Committee:

Members	Designation	No. of meetings attended
Woon See Chin (Independent Non-Executive Director)	Chairman	2
E. Seng Kiw @ Yee Oy Chong (Group Managing Director)	Member	2
Datuk Che Mokhtar bin Che Ali (Independent Non-Executive Director)	Member	2
Tee Boon Hin (Independent Non-Executive Director)	Member	2

Statement of Corporate Governance (cont'd)

3. Remuneration Committee

The Remuneration Committee's principal objective is to assist the Board of Directors in their responsibilities in assessing the remuneration packages of the executive directors of the Company and Group. However, the Board makes the decisions on the level of remuneration packages after considering the recommendations of the Committee. During the financial year ended 30 September 2007, a total of two (2) meetings were held and all the members attended the meetings.

The members of the Remuneration Committee are as follows:

Tan Sri Datuk Mohd. Razali bin Abdul Rahman Chairman
(Non-Independent Non-Executive Director)

Datuk Che Mokhtar bin Che Ali
(Independent Non-Executive Director)

Phang Piow @ Pang Choo Ing
(Non-Independent Non-Executive Director)

4. Nomination Committee

The principal objectives of the Nomination Committee is to assist the Board in nominating new nominees to the Board of Directors as well as assessing the Directors of the Company on an on-going basis as to their skills and experience and other qualities.

The Nomination Committee meeting was held on 27 November 2007 and all the members attended the meeting. The committee has reviewed and assessed the Board as a whole and contribution of each individual director including independent non-executive directors. The Committee concurred that the performance of all the Directors had been satisfactory and the composition of the Board members is satisfactory comprising Directors of good caliber and with professional skills in all fields. All Directors projected good attendance and good participation / contribution with their own respective skills at Board Meetings.

The members of the Nomination Committee are as follows:

Wan Mustapha bin Wan Ismail Chairman
(Non-Independent Non-Executive Director)

Woon See Chin
(Independent Non-Executive Director)

Tee Boon Hin
(Independent Non-Executive Director)

5. Corporate Planning Committee

The objective of the Corporate Planning Committee is to assist the Board in their responsibilities to expand business activities and seek new opportunities and proposals.

The compositions of the Corporate Planning Committee are as follows:

Wan Mustapha Bin Wan Ismail Chairman
(Non-Independent Non-Executive Director)

E. Seng Kiw @ Yee Oy Chong
(Group Managing Director)

Phang Piow @ Pang Choo Ing
(Non-Independent Non-Executive Director)

Yee Yok Sen
(Group Executive Director)

Statement of Corporate Governance (cont'd)



6. Budget Committee

The objective of the Budget Committee is to assist the Board in their responsibilities to review and analyse the budget and business plan of the Group.

The members of the Budget Committee are as follows:

Wan Mustapha Bin Wan Ismail Chairman
(Non-Independent Non-Executive Director)

Yee Yok Sen
(Group Executive Director)

Tee Boon Hin
(Independent Non-Executive Director)

Appointments to the Board and Re-election of the Directors

In accordance with the Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements and Articles of Association, at least one-third of the Directors shall retire from office and at least once in every three years and shall be eligible for re-election at the Annual General Meeting. The Group Managing Director is appointed for a period of not exceeding three years and shall be subject to retirement by rotation.

Directors' Remuneration

The objective of the Company is to ensure the level of remuneration is sufficient to attract and retain the directors to run the company successfully. The remuneration packages of the executive directors are structured to link to the corporate and individual performance. Currently the Remuneration Committee determines the director's remuneration packages for recommendation to the Board for approval. The executive directors abstain themselves from participation in the discussion/decision-making in respect of their own remuneration packages.

The annual fees payable to the Directors (excluding the executive directors) is determined by the Board with approval from shareholders at the Annual General Meeting. The level of remuneration for non-executive directors reflects the experience and level of responsibilities undertaken by them. Company reimburses expenses incurred by the directors in the course of their duties as Directors.

Statement of Corporate Governance (cont'd)

The details of the Directors' remuneration of the Company and Group comprising remuneration received or receivable for the financial year ended 30 September 2007 are as follows:

- Aggregate remuneration of Directors categorized into appropriate components:

Category	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	-	255
Salaries	895	213* ₁
Bonus	105	18* ₁
Benefits-in-kind	348	44* ₁
Others	277	44* ₁
Total	1,625	574

- Number of Directors whose remuneration falls into the following bands:

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	5
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM155,000	-	-
RM155,001 to RM200,000	-	2* ₁
RM200,001 to RM600,000	-	-
RM600,001 to RM650,000	-	-
RM650,001 to RM700,000	-	-
RM700,001 to RM750,000	1	-
RM750,001 to RM800,000	-	-
RM800,001 to RM850,000	-	-
RM850,001 to RM900,000	1	-

Note:

*1 - The salary, bonus and other emoluments received or receivable relates to Non-Executive Directors of the Company but who are Executive Director of its subsidiary company.

Directors Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") as specified by the BMSB.

During the financial year, the Company has arranged for the directors to attend a roadshow on 6 August 2007 and 13 August 2007 in Johor Bahru and Kuala Lumpur respectively in respect of Updates on Listing Requirements - Issues & Challenges. All the Directors have attended the Directors' training for the financial year 2007 in pursuant to paragraph 15.09 of the Listing Requirements of the BMSB.

The Company will continuously arrange for further training of the directors as part of the directors obligation to update and enhance their skills and knowledge which are important for their carrying out an effective role as directors.

Non-audit fees

During the financial year ended 30 September 2007, non-audit fees paid to the external auditor amounted to RM69,540.00.

Statement of Corporate Governance (cont'd)



Dialogue with Shareholders

The Group recognizes the need to inform the shareholders of all major developments concerning the Group on a timely basis. In accordance with the BMSB Listing Requirements, various announcements are made during the year. In addition, the Company has been using the Annual General Meeting to communicate with the shareholders and opportunities are given to them to raise questions or seek clarifications pertaining to the operation and financial performance of the Group.

Accountability and Audit

Financial reporting

The Board has undertaken the responsibilities to report a balanced and understandable assessment of the Group's financial performance and prospect through the release of the quarterly report and annual financial statements to shareholders. The Audit Committee assists the Board by scrutinizing the information disclosed in the financial statements as to its accuracy and adequacy.

The Audit Committee's report is set out on page 17 to 21 of this Annual Report.

Internal Control

The Board acknowledges the overall responsibilities in maintaining a sound and effective system of internal control as to safeguard the shareholders' investment and the Group's assets.

The system of internal control is already in operations and this will provide the assurance of effective and efficient operations of the Group.

The Board also undertakes on-going review of the financial and non-financial risk faced by the Group's business and ensuring compliance of the law and regulations.

The Statement of Internal Control is set out on page 28 to 29 of this Annual Report.

Relationship with auditors

The Board has established a formal and transparent arrangement for maintaining an appropriate relationship with the external auditors through the Audit Committee. The external auditors attended all the meetings of the Audit Committee as well as the Board of Directors' meeting upon invitation.

Best Practices on Corporate Governance

The Board is committed to achieve highest level of integrity and ethical standard in all business dealings and has to the best of their ability complied with the Best Practices on Corporate Governance as set out in Part 2 of the Malaysian Code of Corporate Governance.

Material Contracts

There are no material contracts, not being contracts entered into in the ordinary course of business, which have been entered into by Focal and/or its subsidiaries during the financial year ended 30 September 2007.

Statement of Internal Control

(Pursuant to paragraph 15.27(b) of the BMSB Listing Requirements)

INTRODUCTION

The Malaysian Code on Corporate Governance requires the Board of Directors of listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Set out below is the Board of Director's Statement on Internal Control ("Statement") as a Group for the financial year ended 30 September 2007 in compliance with paragraph 15.27(b) of the Bursa Malaysia Listing Requirements and Statement on Internal Control: Guidance for Directors of Public Listed Companies.

THE BOARD'S RESPONSIBILITY

The Board of Directors ("the Board") recognises the importance of maintaining a sound system of internal control and risk management practices to ensure good corporate governance. Being committed in its responsibility to establish an appropriate control environment and framework for the Group, the Board regularly reviews the adequacy, effectiveness and integrity of the Group's internal control system. However, such system is designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, the system can only provide reasonable but not absolute assurance against material misstatement or loss to the Group.

Monitoring Mechanisms and Management Style

The Board acknowledges that good business management practice requires effective risk management. A sound system of internal control should be capable of managing principal risks of the Group and be embedded into the operations of the Group.

In striving to operate a system of internal control that will drive the Group towards achieving its goals, the Board has set in place an appropriate formal oversight structure that has an appropriate balance of both the Board and Management's involvement in managing the Group. This is seen from the formal organisation structure which comprises of the Group Managing Director ('GMD'), Group Executive Director ('GED') and management. The GMD and GED actively communicate the Board's expectations to management personnel at management meetings. At these meetings, operational and financial risks are discussed and dealt with.

The Board relies on the experienced GMD, GED and qualified Group General Manager and General Managers with relevant industry experience to run and manage the operations and business of the Group in an effective and efficient manner. The GMD, GED and Management of the Group practise a 'hands on' style in managing the businesses of the Group. This close-to-operations management style enables timely identification and reporting of any significant matters. Further, there is a staff handbook, which outlines policies and guidelines in relation to human resource matters.

Throughout the financial year, the Board has evaluated and managed the significant risks faced by the Group through the monitoring of the Group's operations, performance and profitability at its Board meetings. The Board has also delegated its fiduciary responsibility for overseeing the conduct of the Group's operations through its various Board Committees. All Board Committees have formal terms of references outlining the committee's functions and duties.

Risk Management

Notwithstanding the process and matters described above, the Board is committed towards the risk management framework that has been established to enable the systematic identification, assessment, treatment and monitoring of the principal risks of the Group that affect the achievement of the Group's business objectives within defined risk parameters and standards in a timely and effective manner.

The Enterprise Risk Management ('ERM') framework for the Group allows for a structured and focused approach in managing the Group's existing and emerging principal business risks and enables the adoption of a risk-based internal control system that is embedded within the Group.

A review and update of the business risk is being conducted yearly by the management and assisted by the Internal Auditor. New risks are identified and some of the existing risk are removed when they are no longer applicable. Risks are also re-rated depending on the risk impact on the Group and Company.

The Group's and the Company's financial statements for the year ended 30 September 2007 are prepared based on the "Revised Financial Reporting Standards". The Company has addressed the risk of non-compliance of the revised financial reporting standards which was undertaken by the professionals in the FRS Implementation Project last year.

Statement of Internal Control (cont'd)



During the financial year 2007, the Members of the Board and management staff has attended a workshop in respect of “Updates on Listing Requirements - Issues and Challenges” to update their knowledge on the revision that has taken place in the listing requirements and also the impact of the revision to the Group’s reporting.

Other Key Elements of the Group’s Internal Control System

Other key elements of Group’s internal control system are described as below: -

- The Group's business objectives are transpired through mission statement and budgets;
- Scheduled meetings both at management and operational levels, which are attended by the GMD and GED to deliberate and resolve business, financial and operational matters;
- Formal authority limits disseminated to employees within the Group;
- Job description that defines the reporting lines and responsibilities are stipulated in the Company Operating Manual;
- Policies and procedures manual, which acts as a comprehensive guide in carrying out daily tasks;
- Close monitoring of development progress through regular visits to sites by GMD, GED and management;
- Financial information and operational reports generated on a timely basis and deliberated at appropriate management meetings;
- Formal appraisal system for all levels of staff, which is performed annually;
- Tender Committee consisting of the GED and key management with the purpose of evaluating tenders and contracts; and
- An independent outsourced Internal Audit Function to assess the adequacy and effectiveness of the Group's system of internal control.

ASSURANCE MECHANISMS

The Audit Committee (“AC”) performs periodic review and monitoring on the effectiveness of the Group's system of internal control. The Group has outsourced its internal audit function, which provides the AC with periodic reports, based on the audits conducted, highlighting observations, recommendations and management action plans to improve the Group's system of internal control. The internal audit function adopts a risk-based approach, which focuses on the principal risks affecting the key business processes of the Group identified during the ERM process.

In addition, AC also reviews and deliberates on any matters relating to internal control highlighted by the external auditors in the course of their statutory audit of the Financial Statements of the Group through management letters, or are articulated at AC meeting.

The Board also reviews the minutes of the Audit Committee's meetings. The Report of the AC is set out on pages 17 to 21, of this Annual Report.

THE BOARD'S COMMITMENT

The Board recognises that the Group operates in a dynamic business environment in which the internal control system must be responsive in order to be able to continuously support its business objective. To achieve this end, the Board remains committed towards maintaining a sound system of internal control and therefore recognises that the system must continuously evolve to support the growth and dynamics of the Group. As such, the Board, in striving for continuous improvement, will put in place appropriate action plans, when necessary to further enhance the Group's system of internal control and to keep abreast with the ever-changing business environment.

The Board of Directors
Focal Aims Holdings Berhad
Date : 18 December 2007

Statement of Directors' Responsibilities

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENT

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year as to give a true and fair view of the financial position of the Group and of the Company and the results and cash flows of the Group and of the Company for the financial year then ended.

During the preparation of the financial statements, the Directors have ensured that:

- the financial statements have been prepared in accordance with applicable approved accounting standards in Malaysia;
- the accounting and other records and the registers required by the Act are properly kept and disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure the financial statements comply with the Act;
- appropriate accounting policies are adopted and applied consistently; and
- reasonable judgements and estimates that are prudent and reasonable have been made.

The Directors have general responsibility for taking such steps as are reasonable open to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

STATEMENT OF REVALUATION POLICY

The Group does not adopt any revaluation policy on the landed properties.



Kota
MASAI
馬賽城



saujana
ZERO - lot
.....luxurious hilltop villas

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Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Group are property investment and development and investment holding. The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the year attributable to the equity holders of the company	<u>10,273,435</u>	<u>964,135</u>

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

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

DIVIDENDS

The amount of dividends paid by the Company since 30 September 2006 were as follows:

	RM
Final dividend of 0.45% less 27% taxation on 253,317,000 ordinary shares in respect of the financial year ended 30 September 2006, paid on 26 April 2007	<u>832,164</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 September 2007, of 0.80% less 27% taxation on 253,317,000 ordinary shares amounting to a dividend payable of RM1,479,371 (0.58 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2008.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Tan Sri Datuk Mohd Razali bin Abdul Rahman
 E. Seng Kiw @ Yee Oy Chong
 Yee Yok Sen
 Datuk Che Mokhtar bin Che Ali
 Wan Mustapha bin Wan Ismail
 Phang Piow @ Pang Choo Ing
 Pang Tin @ Pang Yon Tin
 Woon See Chin
 Tee Boon Hin

Directors' Report (cont'd)



DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employees of the Company as shown in Notes 5, 6 and 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

DIRECTORS' INTEREST

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

	Number of Ordinary Shares of RM1 each			
	1 October 2006	Bought	Sold	30 September 2007
Holding in the name of director, spouse or child				
Tan Sri Datuk Mohd Razali Bin Abdul Rahman	14,721,216	-	-	14,721,216
E. Seng Kiw @ Yee Oy Chong	31,807,944	9,888,387*	-	41,696,331
Yee Yok Sen	9,188,888	25,392*	-	9,214,280
Wan Mustapha Bin Wan Ismail	8,438,833	6,250,000*	1,800,000	12,888,833
Phang Piow @ Pang Choo Ing	16,731,892	10,774,280*	-	27,506,172
Pang Tin @ Pang Yon Tin	25,097,838	4,390,334*	-	29,488,172
Woon See Chin	20,000	35,000*	-	55,000
Tee Boon Hin	35,000	-	-	35,000
Deemed Interest				
Tan Sri Datuk Mohd Razali Bin Abdul Rahman	6,672	-	-	6,672
Wan Mustapha Bin Wan Ismail	53,381	-	-	53,381

Subsidiary - Focal Aims Sdn. Bhd.

	Number of Preference Shares of RM1 each			
	1 October 2006	Bought	Sold	30 September 2007
Holding in the name of director, spouse or child				
Tan Sri Datuk Mohd Razali Bin Abdul Rahman	250,000	-	-	250,000
E. Seng Kiw @ Yee Oy Chong	550,000	-	-	550,000
Yee Yok Sen	125,000	-	-	125,000
Wan Mustapha Bin Wan Ismail	250,000	-	-	250,000
Phang Piow @ Pang Choo Ing	250,000	125,000*	-	375,000
Pang Tin @ Pang Yon Tin	375,000	-	-	375,000

* It represents the interest of spouse and child of the director of the Company in the shares or debentures of the Company under Section 134(12)(c) of the Companies (Amendment) Act 2007.

E. Seng Kiw @ Yee Oy Chong by virtue of his interest in shares in the Company, is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

The other director in office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps :
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render :
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist :
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors :
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) 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 the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 December 2007.

Statement by Directors

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



We, E. SENG KIW @ YEE OY CHONG and WAN MUSTAPHA BIN WAN ISMAIL, being two of the directors of FOCAL AIMS HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 38 to 69 are drawn up in accordance with the provisions of the Company Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 December 2007.

E. SENG KIW @ YEE OY CHONG

WAN MUSTAPHA BIN WAN ISMAIL

Statutory Declaration

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

I, WAN MUSTAPHA BIN WAN ISMAIL, being the director primarily responsible for the financial management of FOCAL AIMS HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 38 to 69 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed WAN MUSTAPHA BIN WAN)
ISMAIL at Johor Bahru in the State of)
Johor Darul Ta'zim on 18 December 2007)

WAN MUSTAPHA BIN WAN ISMAIL

Before me,

Report of The Auditors



REPORT OF THE AUDITORS TO THE MEMBERS OF FOCAL AIMS HOLDINGS BERHAD

We have audited the accompanying financial statements set out on pages 38 to 69. These financial statements are the responsibility of the Company's directors.

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

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

In our opinion :

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of :
 - (i) the financial position of the Group and of the Company as at 30 September 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

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

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

ERNST & YOUNG
AF : 0039
Chartered Accountants

ABRAHAM VERGHESE A/L T.V ABRAHAM
1664/10/08 (J)
Partner

Johor Bahru
Dated : 18 December 2007

Income Statements

INCOME STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

		Group		Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Revenue	3	52,965,036	46,855,163	2,054,794	2,777,778
Cost of sales	4	(41,608,280)	(36,489,962)	-	-
Gross profit		11,356,756	10,365,201	2,054,794	2,777,778
Other operating income		3,674,917	1,780,534	-	-
Administrative expenses		(10,815,859)	(10,045,669)	(625,905)	(540,794)
Profit from operations	5	4,215,814	2,100,066	1,428,889	2,236,984
Finance costs	8	(169,164)	(106,159)	-	-
Profit before taxation		4,046,650	1,993,907	1,428,889	2,236,984
Taxation	9	6,226,785	(1,428,868)	(464,754)	(698,318)
Profit for the year attributable to equity holders of the Company		<u>10,273,435</u>	<u>565,039</u>	<u>964,135</u>	<u>1,538,666</u>
Earnings per share attributable to equity holders of the Company :					
- Basic (sen)	10	<u>4.06</u>	<u>0.22</u>		
- Diluted (sen)	10	<u>4.06</u>	<u>0.22</u>		

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

Balance Sheets



BALANCE SHEETS AS AT 30 SEPTEMBER 2007

		Group		Company	
	Note	2007 RM	2006 RM (Restated)	2007 RM	2006 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	2,293,640	2,457,771	-	-
Land held for property development	13	341,642,045	332,950,228	-	-
Investment properties	14	-	1,173,517	-	-
Investment in subsidiaries	15	-	-	166,817,000	166,817,000
Deferred tax assets	26	854,318	-	-	-
Reserve on consolidation		-	(3,642,357)	-	-
		<u>344,790,003</u>	<u>332,939,159</u>	<u>166,817,000</u>	<u>166,817,000</u>
Current Assets					
Property development costs	13	113,691,008	119,091,072	-	-
Inventories	16	22,980,332	23,744,520	-	-
Trade and other receivables	17	18,596,272	7,028,557	6,109	7,524
Tax recoverable		308,533	697,581	161,836	111,040
Amount due from subsidiaries	18	-	-	55,384,947	53,011,620
Cash and bank balances	19	7,676,432	8,532,651	339,756	329,324
		<u>163,252,577</u>	<u>159,094,381</u>	<u>55,892,648</u>	<u>53,459,508</u>
TOTAL ASSETS		<u>508,042,580</u>	<u>492,033,540</u>	<u>222,709,648</u>	<u>220,276,508</u>
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	23	253,317,000	253,317,000	253,317,000	253,317,000
Share premium	24	22,343	22,343	22,343	22,343
Retained earnings / Accumulated losses	24	58,009,315	44,925,687	(35,556,479)	(35,688,450)
		<u>311,348,658</u>	<u>298,265,030</u>	<u>217,782,864</u>	<u>217,650,893</u>
Minority Interests	25	2,500,000	2,500,000	-	-
Total Equity		<u>313,848,658</u>	<u>300,765,030</u>	<u>217,782,864</u>	<u>217,650,893</u>
Non-Current Liabilities					
Borrowings	20	74,335,853	76,499,447	-	-
Amount due to a subsidiary		-	-	4,459,850	2,209,850
Deferred taxation	26	61,554,359	68,618,245	-	-
Non-current liabilities		<u>135,890,212</u>	<u>145,117,692</u>	<u>4,459,850</u>	<u>2,209,850</u>
Current Liabilities					
Borrowings	20	46,460,115	28,788,479	-	-
Trade and other payables	22	11,843,595	17,357,816	466,934	415,765
Taxation		-	4,523	-	-
		<u>58,303,710</u>	<u>46,150,818</u>	<u>466,934</u>	<u>415,765</u>
Total Liabilities		<u>194,193,922</u>	<u>191,268,510</u>	<u>4,926,784</u>	<u>2,625,615</u>
TOTAL EQUITY AND LIABILITIES		<u>508,042,580</u>	<u>492,033,540</u>	<u>222,709,648</u>	<u>220,276,508</u>

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

Consolidated Statement of Changes In Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Note	Attributable to Equity Holders of the Company				Minority Interest	Total Equity
		Non-Distributable	Distributable				
		Share capital	Share premium	Retained earnings	Total		
		RM	RM	RM	RM	RM	RM
At 1 October 2005		253,317,000	22,343	45,637,366	298,976,709	2,500,000	301,476,709
Profit for the year, representing total recognised income and expense for the year		-	-	565,039	565,039	-	565,039
Dividends paid	11	-	-	(1,276,718)	(1,276,718)	-	(1,276,718)
At 30 September 2006		<u>253,317,000</u>	<u>22,343</u>	<u>44,925,687</u>	<u>298,265,030</u>	<u>2,500,000</u>	<u>300,765,030</u>
At 1 October 2006							
As previously stated		253,317,000	22,343	44,925,687	298,265,030	2,500,000	300,765,030
Effects of adopting FRS 3	2.3(b)	-	-	3,642,357	3,642,357	-	3,642,357
At 1 October 2006 (restated)		253,317,000	22,343	48,568,044	301,907,387	2,500,000	304,407,387
Profit for the year, representing total recognised income and expense for the year		-	-	10,273,435	10,273,435	-	10,273,435
Dividends paid	11	-	-	(832,164)	(832,164)	-	(832,164)
At 30 September 2007		<u>253,317,000</u>	<u>22,343</u>	<u>58,009,315</u>	<u>311,348,658</u>	<u>2,500,000</u>	<u>313,848,658</u>

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

Company Statement of Changes In Equity



COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2007

		Attributable to Equity Holders of the Company				Minority Interest	Total Equity
		Non-Distributable					
	Note	Share capital	Share premium	Accumulated losses	Total		
		RM	RM	RM	RM	RM	RM
At 1 October 2005		253,317,000	22,343	(35,950,398)	217,388,945	-	217,388,945
Profit for the year, representing total recognised income and expense for the year		-	-	1,538,666	1,538,666	-	1,538,666
Dividends paid	11	-	-	(1,276,718)	(1,276,718)	-	(1,276,718)
At 30 September 2006		253,317,000	22,343	(35,688,450)	217,650,893	-	217,650,893
Profit for the year, representing total recognised income and expense for the year		-	-	964,135	964,135	-	964,135
Dividends paid	11	-	-	(832,164)	(832,164)	-	(832,164)
At 30 September 2007		253,317,000	22,343	(35,556,479)	217,782,864	-	217,782,864

Cash Flow Statements

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	4,046,650	1,993,907	1,428,889	2,236,984
Adjustments for :				
Depreciation	494,965	204,290	-	-
Provision for doubtful debts	-	2,721	-	-
Dividend income	-	-	(2,054,794)	(2,777,778)
Interest expense	169,164	106,159	-	-
Interest income	(309,803)	(431,737)	-	-
Property, plant and equipment written off	25,410	2,098	-	-
Gain on disposal of investment properties	(2,303,435)	-	-	-
Gain on disposal of property, plant and equipment	(27,948)	(108,996)	-	-
Operating profit/(loss) before working capital changes	2,095,003	1,768,442	(625,905)	(540,794)
Increase in development expenditure	(3,291,753)	(6,636,706)	-	-
Decrease/(Increase) in inventories	764,188	(3,733,450)	-	-
(Increase)/Decrease in trade and other receivables	(11,567,715)	7,697,639	1,415	(918)
(Decrease)/Increase in trade and other payables	(5,537,269)	2,342,118	51,169	(85,884)
Cash (used in)/ generated from operations	(17,537,546)	1,438,043	(573,321)	(627,596)
Dividends paid	(832,164)	(1,276,718)	(832,164)	(1,276,718)
Dividends received	-	-	2,054,794	2,777,778
Interest received	309,803	431,737	-	-
Interest paid	(169,164)	(106,159)	-	-
Tax paid	(1,346,138)	(2,214,539)	(554,794)	(777,778)
Tax refund	39,244	66,995	39,244	17,292
Net cash (used in) /generated from operating activities	(19,535,965)	(1,660,641)	133,759	112,978

Cash Flow Statements (cont'd)



CASH FLOW STATEMENTS(CONT'D) FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of land held for property development	-	(64,861,644)	-	-
Purchase of property, plant and equipment	(138,796)	(663,941)	-	-
Proceeds from disposal of investment properties	3,500,000	-	-	-
Proceeds from disposal of property, plant and equipment	30,500	109,000	-	-
(Repayment to)/Advance from subsidiary companies	-	-	(123,327)	139,703
Net cash generated from/(used in) investing activities	<u>3,391,704</u>	<u>(65,416,585)</u>	<u>(123,327)</u>	<u>139,703</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of term loans	20,700,000	65,830,732	-	-
Repayment of hire purchase payables	(147,935)	(74,924)	-	-
Repayment of term loans	<u>(11,389,742)</u>	<u>(10,567,911)</u>	<u>-</u>	<u>-</u>
Net cash generated from financing activities	<u>9,162,323</u>	<u>55,187,897</u>	<u>-</u>	<u>-</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	<u>(6,981,938)</u>	<u>(11,889,329)</u>	<u>10,432</u>	<u>252,681</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>4,810,540</u>	<u>16,699,869</u>	<u>329,324</u>	<u>76,643</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 19)	<u><u>(2,171,398)</u></u>	<u><u>4,810,540</u></u>	<u><u>339,756</u></u>	<u><u>329,324</u></u>

Notes To The Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2007

1. CORPORATE INFORMATION

The principal activities of the Group are property investment and development and investment holding. The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as disclosed in Note 15 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at Suite 338, 3rd Floor, Johor Tower, Jalan Gereja, 80100 Johor Bahru, Johor Darul Ta'zim.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 December 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for current financial year as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit and loss.

(ii) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Notes To The Financial Statements (cont'd)



All the subsidiaries are consolidated using the acquisition method of accounting except for Focal Aims Properties Sdn. Bhd. group which is consolidated using the merger method of accounting.

As provided under the transitional provision of MASB Standard No. 21 - Business Combinations, the Group has applied this standard prospectively that acquisition of subsidiaries which meet the criteria for merger are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's books is recorded at the fair value of shares issued and the difference between the carrying value of the investment and the fair value of shares issued is treated as merger reserve or merger deficit. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial years.

Other acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities 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 acquisition is recognised immediately in profit or loss.

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 acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

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

(b) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. 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.

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

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Motor vehicles	20%
Office equipment and fittings	10% - 33%
Other assets	10% - 20%

Notes To The Financial Statements (cont'd)

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

(c) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are stated as cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

Depreciation of investment properties are provided for on straight-line basis to write off the cost of each asset to its residual value over the estimated useful life. The buildings are depreciated at annual rate of 2%. There is no depreciation charge as the carrying value has exceeded its residual value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and future economic benefits is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(d) Land Held for Development and Property Development Costs

(i) 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(m).

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

(ii) Property development cost

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.

Notes To The Financial Statements (cont'd)



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.

(e) Inventories

Inventories consist of unsold properties and are stated at lower of cost and net realisable value.

Cost is determined on the specific identification basis and comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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

(f) Financial Instruments

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

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

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call, which have insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Trade Payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Notes To The Financial Statements (cont'd)

(g) Hire Purchase and Finance Lease

Assets acquired by way of hire purchase or 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 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 as an expense in the 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 consistent with that for depreciable property, plant and equipment as described in Note 2(b).

(h) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(i) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the 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. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Notes To The Financial Statements (cont'd)



(j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. For development costs, these costs are recognised in the income statement based on the percentage of completion of the project.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(l) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.2(d)(ii).

(ii) Interest income

Interest is recognised on the accrual basis that reflects the effective yield on the asset, except for interest receivable from house buyers where the collectibility may be doubtful, and is thus recognised on receipt basis.

(iii) Rental income

Rental received and receivable is recognised on the accrual basis.

(iv) Dividend income

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

Notes To The Financial Statements (cont'd)

(m) Impairment of Non-financial Assets

The carrying amount of assets, other than construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2.3 Changes in Accounting Policies and Effect Arising from Adoption of New and Revised FRSs

On 1 October 2006, the Group and the Company adopted the following FRSs mandatory for financial period beginning on or after 1 January 2006.

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interest in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

Notes To The Financial Statements (cont'd)



On 1 October 2006, the Group and the Company have also adopted the following FRSs mandatory for financial period beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of the FRS 2, 102, 110, 116, 121, 127, 128, 131, 132, 133, 136 and 138 does not have significant financial changes in accounting policies of the Group. The principal changes in accounting policies and their effects resulting from the adoption from the adoption of the other new and revised FRSs are discussed below:

(a) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

(b) FRS 3 : Business Combinations

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

Prior to 1 October 2006, reserve on consolidation was capitalised and disclosed as non-current assets and was not amortised. Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "reserve on consolidation"), after reassessment, is now recognised immediately in profit or loss. In accordance with the transitional provisions of FRS 3, the reserve on consolidation as at 1 October 2006 of RM3,642,357 was derecognised with a corresponding increase in retained earnings.

(c) FRS 140 : Investment Property

Prior to 1 October 2006, investment properties was stated at cost less accumulated depreciation and impairment losses and disclosed as property, plant and equipment. Upon the adoption of FRS 140, properties that met the definition of investment properties are classified as investment property and are now stated at cost less accumulated depreciation and impairment losses.

In accordance with transitional provision of FRS 140, this change in accounting policy is applied retrospectively and the comparatives as at 30 September 2006 are now restated as disclosed in Note 2.3(e).

Notes To The Financial Statements (cont'd)

(d) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets as at 30 September 2007 is higher or lower than it would have been had the previous policies been applied in the current year. There is no impact on the income statement for the year ended 30 September 2007.

Effects on balance sheets as at 30 September 2007

Description of change	Increase/(Decrease)		Total RM
	FRS 3	FRS 140	
	Note 2.3 (b) RM	Note 2.3 (c) RM	
Group			
Reserve on consolidation	3,642,357	-	3,642,357
Retained earnings	(3,642,357)	-	(3,642,357)
Total equity	<u>(3,642,357)</u>	<u>-</u>	<u>(3,642,357)</u>

(e) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

Description of Change	Previous Stated RM	Increase/(Decrease)		Restated RM
		Others* RM	FRS140 RM	
At 30 September 2006				
Group				
Land held for property development	328,179,220	4,771,008	-	332,950,228
Property, plant and equipment	2,975,264	-	(517,493)	2,457,771
Investment properties	-	-	1,173,517	1,173,517
Property development costs	<u>124,518,104</u>	<u>(4,771,008)</u>	<u>(656,024)</u>	<u>119,091,072</u>

* It represents restatement of comparative amount to conform with current year's presentation.

2.4 Standards and Interpretations Issued but Not Yet Effective

The Group and the Company have not early adopted the following new and revised FRSs, Amendments to FRS and Interpretations which become or are expected to become mandatory for the future financial periods:

FRS 139	Financial Instruments: Recognition and Measurement*
FRS 6	Exploration for Evaluation of Mineral Resources#
Amendments to FRS 107	Cash Flow Statements**
Amendments to FRS 111	Construction Contracts#
Amendments to FRS 112	Income Taxes**
Amendments to FRS 118	Revenue**
Amendments to FRS 119	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures**
Amendments to FRS 120	Accounting for Government and Disclosure of Government Assistance#
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation**
Amendments to FRS 134	Interim Financial Reporting**
Amendments to FRS 137	Provision, Contingent Liabilities and Contingent Assets**

Notes To The Financial Statements (cont'd)



IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities#
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments#
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds#
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment#
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies#
IC Interpretation 8	Scope of FRS 2#

* The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon initial application of FRS 139.

** This FRS does not have significant impact on the Group's and the Company's financial statements upon its initial application.

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

2.5 Changes in Accounting Estimates and Judgement

(i) Property development

The Company recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development cost incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(ii) Deferred tax assets

Deferred tax assets are recognised for unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised and unrecognised tax losses and capital allowances of the Company is disclosed in Note 26.

Notes To The Financial Statements (cont'd)

3. REVENUE

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Gross dividend received from subsidiary company	-	-	2,054,794	2,777,778
Sale of properties	52,825,036	46,435,163	-	-
Rental income from investment property	140,000	420,000	-	-
	<u>52,965,036</u>	<u>46,855,163</u>	<u>2,054,794</u>	<u>2,777,778</u>

4. COST OF SALES

	Group	
	2007 RM	2006 RM
Property development costs (Note 13)	35,778,749	35,061,357
Cost of inventories sold	5,829,531	1,428,605
	<u>41,608,280</u>	<u>36,489,962</u>

5. PROFIT FROM OPERATIONS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
The following amounts have been included in arriving at profit before tax:				
Auditors' remuneration				
- statutory audits	69,800	55,100	20,000	18,000
- other services	69,540	48,450	48,200	10,550
Depreciation	494,965	204,290	-	-
Non-executive directors' fees	255,000	215,000	255,000	190,000
Property, plant and equipment written off	25,410	2,098	-	-
Provision for doubtful debts	-	2,721	-	-
Rental of office	272,331	243,436	-	-
Employee benefits expense (Note 6)	4,553,614	4,209,229	30,000	26,100
And crediting :				
Dividends income	-	-	2,054,794	2,777,778
Doubtful debts recovered	19,006	-	-	-
Gain on disposal of investment properties	2,303,435	-	-	-
Gain on disposal of property, plant and equipment	27,948	108,996	-	-
Interest income	309,803	431,737	-	-
Rental income from investment properties	140,000	420,000	-	-
Rental income from completed houses	-	19,200	-	-

Notes To The Financial Statements (cont'd)



6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Salaries and allowances	4,065,228	3,740,459	30,000	26,100
EPF	463,738	445,669	-	-
SOCSSO	24,648	23,101	-	-
	<u>4,553,614</u>	<u>4,209,229</u>	<u>30,000</u>	<u>26,100</u>

Included in staff costs of the Group are executive and non-executive directors' remuneration (comprising salaries, bonus and other emoluments, excluding fees and benefits-in-kind) amounting to RM1,552,102 (2006 : RM1,769,713) as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors of the Company				
Executives :				
Salaries and other emoluments	1,172,588	1,007,240	-	-
Bonus	104,735	100,622	-	-
Benefits-in-kind	346,956	226,189	-	-
	<u>1,624,279</u>	<u>1,334,051</u>	<u>-</u>	<u>-</u>
Non-executives :				
Salaries and other emoluments	257,085	246,860	30,000	26,100
Bonus	17,694	17,363	-	-
Benefits-in-kind	44,037	37,615	-	-
Fees	255,000	190,000	255,000	190,000
	<u>573,816</u>	<u>491,838</u>	<u>285,000</u>	<u>216,100</u>
Directors of subsidiaries				
Non-executive alternate directors who are under employment of the subsidiaries during the financial year:				
Salaries and other emoluments	-	325,172	-	-
Bonus	-	72,456	-	-
Benefits-in-kind	-	31,618	-	-
Non-executive director :				
Fees	-	25,000	-	-
	<u>-</u>	<u>454,246</u>	<u>-</u>	<u>-</u>
Total	<u>2,198,095</u>	<u>2,280,135</u>	<u>285,000</u>	<u>216,100</u>

Notes To The Financial Statements (cont'd)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below :

	Number of Directors	
	2007	2006
Executive directors :		
RM500,001 - RM550,000	-	1
RM550,001 - RM600,000	-	-
RM600,001 - RM650,000	-	-
RM650,001 - RM700,000	-	-
RM700,001 - RM750,000	1	-
RM750,001 - RM800,000	-	1
RM800,001 - RM850,000	-	-
RM850,001 - RM900,000	1	-
Non- executive directors :		
RM50,000 below	5	5
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	2	2

8. FINANCE COSTS

	Group	
	2007 RM	2006 RM
Interest expense on borrowings	11,072,811	5,633,135
Less : Interest expense capitalised in property development costs (Note 13)	(10,903,647)	(5,526,976)
	<u>169,164</u>	<u>106,159</u>

9. TAXATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Malaysian income tax:				
Income tax expense for the year	1,760,611	1,570,807	464,754	698,318
(Over)/under provision in prior year	(69,192)	8,077	-	-
	<u>1,691,419</u>	<u>1,578,884</u>	<u>464,754</u>	<u>698,318</u>
Deferred tax (Note 26):				
Relating to origination and reversal of temporary differences	(808,542)	(131,849)	-	-
Relating to changes in tax rates	(7,109,662)	-	-	-
Overprovision in prior year	-	(18,167)	-	-
	<u>(7,918,204)</u>	<u>(150,016)</u>	<u>-</u>	<u>-</u>
	<u>(6,226,785)</u>	<u>1,428,868</u>	<u>464,754</u>	<u>698,318</u>

Domestic current income tax is calculated at the statutory tax rate of 27% (2006 : 28%) of the estimated assessable profit for the year. The domestic statutory rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% effective year of assessment 2009. The computation of deferred tax as at 30 September 2007 has reflected these changes.

Notes To The Financial Statements (cont'd)



A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2007 RM	2006 RM
Group		
Profit before taxation	4,046,650	1,993,907
Taxation at Malaysian statutory tax rate of 27% (2006 : 28%)	1,092,596	558,294
Effect of tax rate of 20% (2006 : 20%) on first RM500,000 (2006 : RM500,000) of chargeable income for qualified small and medium enterprise	(40,254)	(58,295)
Effect of expenses not deductible for tax purposes	456,667	542,112
Deferred tax assets not recognised in respect of current year tax losses and unabsorbed capital allowances	323,060	396,847
Deferred tax assets recognised unused tax losses and capital allowances	(880,000)	-
Deferred tax relating to changes in tax rates	(7,109,662)	-
Overprovision of deferred tax in prior years	-	(18,167)
(Over)/underprovision of tax expense in prior years	(69,192)	8,077
Tax expense for the year	(6,226,785)	1,428,868
Company		
Profit before taxation	1,428,889	2,236,984
Taxation at Malaysian statutory tax rate of 27% (2006 : 28%)	385,800	626,356
Expenses not deductible for tax purposes	78,954	71,962
Tax expense for the year	464,754	698,318

10. EARNINGS PER SHARE

Earnings per ordinary share is calculated based on Group's profit for the year distributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group	
	2007	2006
Profit attributable to ordinary equity holders of the Company (RM)	10,273,435	565,039
Weighted average number of ordinary shares in issue	253,317,000	253,317,000
Basic earnings per share (sen)	4.06	0.22
Diluted earnings per share (sen)	4.06	0.22

Notes To The Financial Statements (cont'd)

11. DIVIDENDS

	Net Dividend per Share in respect of Year		Dividend recognised during the year	
	2007 Sen	2006 Sen	2007 RM	2006 RM
Recognised during the year:				
Final dividend of 0.70% less 28% taxation in respect of financial year ended 30 September 2005 paid on 25 April 2006 (0.50 sen per ordinary share)	-	-	-	1,276,718
Final dividend of 0.45% less 27% taxation in respect of financial year ended 30 September 2006 paid on 26 April 2007 (0.33 sen per ordinary share)	-	0.33	832,164	-
Dividends recognised during the year				
Proposed for approval at AGM (not recognised as at 30 September):				
Final dividend of 0.80% less 27% taxation in respect of financial year ended 30 September 2007 (0.58 sen per ordinary share)	0.58	-	-	-
	<u>0.58</u>	<u>0.33</u>	<u>832,164</u>	<u>1,276,718</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 September 2007, of 0.80% less 27% taxation on 253,317,000 ordinary shares amounting to a dividend payable of RM1,479,371 (0.58 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2008.

Notes To The Financial Statements (cont'd)



12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Motor vehicles RM	Office equipment and fittings RM	Other assets RM	Total RM
Cost						
At 1 October 2006	24,689	156,384	3,784,718	1,869,542	536,479	6,371,812
Additions	-	-	321,977	36,819	-	358,796
Written off	-	-	-	(74,909)	-	(74,909)
Disposals	-	-	(247,399)	(4,724)	-	(252,123)
At 30 September 2007	24,689	156,384	3,859,296	1,826,728	536,479	6,403,576
Accumulated Depreciation and Impairment Losses						
At 1 October 2006	-	24,501	2,021,904	1,473,891	393,745	3,914,041
Charge for the year	-	-	346,160	113,322	35,483	494,965
Written off	-	-	-	(49,499)	-	(49,499)
Disposals	-	-	(247,396)	(2,175)	-	(249,571)
At 30 September 2007	-	24,501	2,120,668	1,535,539	429,228	4,109,936
Net Book Value						
At 30 September 2007	24,689	131,883	1,738,628	291,189	107,251	2,293,640
Cost						
At 1 October 2005	24,689	156,384	3,805,989	1,593,965	387,892	5,968,919
Additions	-	-	425,800	319,554	148,587	893,941
Written off	-	-	-	(43,977)	-	(43,977)
Disposals	-	-	(447,071)	-	-	(447,071)
At 30 September 2006	24,689	156,384	3,784,718	1,869,542	536,479	6,371,812
Accumulated Depreciation and Impairment Losses						
At 1 October 2005	-	21,373	2,398,918	1,408,908	369,497	4,198,696
Charge for the year	-	3,128	70,053	106,861	24,248	204,290
Written off	-	-	-	(41,878)	-	(41,878)
Disposals	-	-	(447,067)	-	-	(447,067)
At 30 September 2006	-	24,501	2,021,904	1,473,891	393,745	3,914,041
Net Book Value						
At 30 September 2006	24,689	131,883	1,762,814	395,651	142,734	2,457,771

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM358,796 (2006 : RM893,941) of which RM220,000 (2006 : RM230,000) were acquired by means of hire purchase arrangements.

The net book values of motor vehicles held under hire purchase arrangements was RM584,665 (2006: RM325,996)

Notes To The Financial Statements (cont'd)

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	Group	
	2007 RM	2006 RM (Restated)
At 1 October		
Freehold land	328,179,220	286,689,789
Development expenditure, at cost	4,771,008	2,738,203
	<u>332,950,228</u>	<u>289,427,992</u>
Addition	8,691,817	66,894,449
Transfer to property development costs	-	(23,372,213)
At 30 September	<u>341,642,045</u>	<u>332,950,228</u>

The land is pledged as security for borrowings as referred to in Note 20.

(b) Property Development Costs

	Group	
	2007 RM	2006 RM (Restated)
Property Development Costs at 1 October		
Freehold land	55,839,537	39,836,452
Development costs	69,066,675	72,104,052
	<u>124,906,212</u>	<u>111,940,504</u>
Costs incurred during the year :		
Development costs	35,538,184	44,552,067
Costs recognised in income statement :		
At 1 October	(55,886,903)	(86,057,805)
Recognised during the year (Note 4)	(35,778,749)	(35,061,357)
Reversal of completed projects	50,727,787	65,232,259
At 30 September	<u>(40,937,865)</u>	<u>(55,886,903)</u>
Transfers :		
From land held for property development	-	23,372,213
To inventories	(5,815,523)	(4,886,809)
	<u>(5,815,523)</u>	<u>18,485,404</u>
Property development costs at 30 September	<u>113,691,008</u>	<u>119,091,072</u>
Included in property development costs incurred during the financial year is :		
Interest expense (Note 8)	<u>10,903,647</u>	<u>5,526,976</u>

Notes To The Financial Statements (cont'd)



14. INVESTMENT PROPERTIES

	Company	
	2007 RM	2006 RM (Restated)
Freehold land and building, at cost		
At 1 October	2,873,856	2,873,856
Disposal	(2,873,856)	-
At 30 September	-	2,873,856
Less: Accumulated depreciation		
At 1 October	1,700,339	1,700,339
Disposal	(1,700,339)	-
At 30 September	-	1,700,339
Net carrying amount	-	1,173,517

The sale of the investment properties was completed on 28 August 2007. The gain on disposal of the investment properties is disclosed in Note 5.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2007 RM	2006 RM
Unquoted shares, at cost	170,017,000	170,017,000
Provision for impairment losses	(3,200,000)	(3,200,000)
	<u>166,817,000</u>	<u>166,817,000</u>

The subsidiaries, all of which were incorporated in Malaysia, are as follows :

Name of Subsidiaries	Equity Interest Held		Principal Activities
	2007	2006	
Focal Aims Land Sdn. Bhd.	100%	100%	Property development
Focal Aims Properties Sdn. Bhd. ("FAPSB")	100%	100%	Investment holding
Subsidiaries of FAPSB :			
Focal Aims Sdn. Bhd. ("FASB")	100%	100%	Property investment and development
Subsidiaries of FASB :			
Focal Aims Realty Sdn. Bhd.	100%	100%	Project management
Focal Aims Development Sdn Bhd	100%	100%	Dormant
Focal Aims Resort (M) Sdn. Bhd.	100%	100%	Dormant

Notes To The Financial Statements (cont'd)

16. INVENTORIES

These comprise completed properties held for sale stated at cost.

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables				
Third parties	12,735,482	4,237,005	-	-
Accrued billings in respect of property development costs	4,001,588	1,220,900	-	-
	16,737,070	5,457,905	-	-
Less : Provision for doubtful debts	(2,721)	(21,727)	-	-
Trade receivables, net	16,734,349	5,436,178	-	-
Other receivables				
Other deposits	518,475	493,670	-	-
Prepayments	229,256	149,055	6,109	7,524
Other receivables	1,114,192	949,654	-	-
	18,596,272	7,028,557	6,109	7,524

The Group's normal trade credit term ranges from 21 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to a group of debtors.

Included in other deposits is rental deposit of RM39,088 (2006 : RM39,088) paid to a company in which a director, Tan Sri Datuk Mohd Razali Bin Abdul Rahman has an interest. His interest ceased effective 1 July 2007 due to the premises was disposed to third party.

18. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2007 RM	2006 RM
Amount due from subsidiaries	59,675,935	57,302,608
Less : Provision for doubtful debts	(4,290,988)	(4,290,988)
	55,384,947	53,011,620

The amount due from subsidiaries which arose from advances, are unsecured, interest-free and have no fixed terms of repayment.

Notes To The Financial Statements (cont'd)



19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash on hand and at banks	4,590,460	7,532,651	339,756	329,324
Deposits with licensed banks	3,085,972	1,000,000	-	-
	7,676,432	8,532,651	339,756	329,324
Bank overdrafts (Note 20)	(9,847,830)	(3,722,111)	-	-
Cash and cash equivalents	(2,171,398)	4,810,540	339,756	329,324

Included in cash and bank balances of the Group are restricted bank balances amounting to RM3,273,074 (2006 : RM5,406,967) being monies held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

The effective interest rate and maturity days for repurchase agreements of the Group at the balance sheet date were 2.7% (2006 : 3.1%) and 10 days (2005 : 14 days).

20. BORROWINGS

	Group	
	2007 RM	2006 RM
Short term borrowings		
Secured :		
Term loans	16,430,596	4,948,420
Revolving credit	20,000,000	20,000,000
Bank overdraft (Note 19)	9,847,830	3,722,111
Hire purchase payables (Note 21)	181,689	117,948
	46,460,115	28,788,479
Long term borrowings		
Secured :		
Term loans	74,258,814	76,430,732
Hire purchase payables (Note 21)	77,039	68,715
	74,335,853	76,499,447
Total borrowings		
Term loans	90,689,410	81,379,152
Revolving credit	20,000,000	20,000,000
Bank overdraft (Note 19)	9,847,830	3,722,111
Hire purchase payables (Note 21)	258,728	186,663
	120,795,968	105,287,926

The bank borrowings are secured by :

- Legal charge over all the land held for development of certain subsidiary companies;
- Debenture by way of fixed and floating charges over all present and future assets of certain subsidiary companies; and
- Corporate guarantee by the Company.

Notes To The Financial Statements (cont'd)

The term loans are repayable by quarterly instalments over a period not exceeding 5 years from the date of first drawdown. The revolving credit is repayable on demand.

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase was 7.65% (2006 : 7.70%)

21. HIRE PURCHASE PAYABLES

	Group	
	2007 RM	2006 RM
Minimum hire purchase payments:-		
Not later than one year	191,968	121,428
Later than 1 year and not later than 2 years	81,442	75,640
	<u>273,410</u>	<u>197,068</u>
Less: Future finance charges	(14,682)	(10,405)
Present value of hire purchase liabilities	<u>258,728</u>	<u>186,663</u>
Present value of hire purchase liabilities:		
Not later than 1 year	181,689	117,948
Later than 1 year and not later than 2 years	77,039	68,715
	<u>258,728</u>	<u>186,663</u>
Analysed as :		
Due within 12 months (Note 20)	181,689	117,948
Due after 12 months (Note 20)	77,039	68,715
	<u>258,728</u>	<u>186,663</u>

The hire purchase liabilities bore interest of 2.75% to 2.90% (2006 : 2.75% to 2.90%) per annum at the balance sheet date.

22. PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Curent				
Trade payables				
Trade payables	7,961,561	12,596,481	-	-
Related parties	180,667	-	-	-
Progress billings in respect of property development costs	634,091	940,412	-	-
	<u>8,776,319</u>	<u>13,536,893</u>	<u>-</u>	<u>-</u>
Other payables				
Sundry payables	150,064	254,231	7,279	10,543
Accrued expenses	1,935,749	2,622,682	297,188	242,755
Deposit received	30,910	298,910	-	-
Payroll liability	519,040	455,490	-	-
Others	431,513	189,610	162,467	162,467
	<u>11,843,595</u>	<u>17,357,816</u>	<u>466,934</u>	<u>415,765</u>

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one month to three months.

Further details on related party transactions are disclosed in Note 28.

Notes To The Financial Statements (cont'd)



23. SHARE CAPITAL

	Number of Shares of RM1 Each		Amount	
	2007	2006	2007 RM	2006 RM
Authorised :				
At beginning/end of the year	300,000,000	300,000,000	300,000,000	300,000,000
Issued and fully paid:				
Ordinary shares				
At beginning/end of the year	253,317,000	253,317,000	253,317,000	253,317,000

24. RESERVES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-distributable				
Share premium	22,343	22,343	22,343	22,343
Distributable				
Retained earnings/(Accumulated losses)	58,009,315	44,925,687	(35,556,479)	(35,688,450)

The movements in the reserves are shown in the statements of changes in equity.

Share premium of the Group and of the Company represents the premium arising from the issue of shares.

25. MINORITY INTERESTS

Minority interest of RM2,500,000 represent preference shares of a subsidiary not held by the Group.

26. DEFERRED TAXATION

	Group	
	2007 RM	2006 RM
At 1 October	68,618,245	68,768,261
Recognised in the income statement (Note 9)	(7,918,204)	(150,016)
At 30 September	60,700,041	68,618,245
Presented after appropriate offsetting as follows:		
Deferred tax assets	(854,318)	-
Deferred tax liabilities	61,554,359	68,618,245
	60,700,041	68,618,245

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows :

Notes To The Financial Statements (cont'd)

Deferred Tax (Assets)/Liabilities of the Group :

	Land and development expenditure at group cost RM	Accelerated capital allowances RM	Unused tax losses and unabsorbed capital allowances RM	Total RM
At 1 October 2006	68,518,563	99,682	-	68,618,245
Recognised in the income statement	(7,109,662)	71,458	(880,000)	(7,918,204)
At 30 September 2007	<u>61,408,901</u>	<u>171,140</u>	<u>(880,000)</u>	<u>60,700,041</u>
At 1 October 2005	68,714,261	50,000	4,000	68,768,261
Recognised in the income statement	(195,698)	49,682	(4,000)	(150,016)
At 30 September 2006	<u>68,518,563</u>	<u>99,682</u>	<u>-</u>	<u>68,618,245</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2007 RM	2006 RM
Unused tax losses	3,101,000	5,041,000
Unabsorbed capital allowances	-	142,000
	<u>3,101,000</u>	<u>5,183,000</u>

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the subsidiary are subject to no substantial changes in shareholdings of the subsidiary under Section 44(5A) and (5B) of Income Tax Act, 1967.

27. CAPITAL COMMITMENTS

	Group	
	2007 RM	2006 RM
Approved but not contracted for:		
Acquisition of property, plant and equipment	<u>1,275,000</u>	<u>665,000</u>

28. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Gross dividend received from subsidiary company	-	-	2,054,795	2,777,778
Rental paid to Kumpulan Citra Emas Sdn. Bhd.*	87,264	116,352	-	-
Progress claims paid to Kimlun Sdn. Bhd.**	644,502	228,177	-	-
Purchase of development land from Peremba (Malaysia) Sdn. Bhd.*	<u>-</u>	<u>62,051,220</u>	<u>-</u>	<u>-</u>

Notes To The Financial Statements (cont'd)



The above transactions have been entered into in the normal course of business and have been established under mutually agreed terms.

Related parties are those enterprises whereby significant influence can be exercised over the parties through common directors and shareholders.

- * A director of the Company, Tan Sri Datuk Mohd Razali Bin Abdul Rahman, is deemed interested in this company. The director's interest ceased effective from 1 July 2007 due to rented premises being disposed to third party.
- ** Certain directors of the Company, Mr Phang Piow @ Pang Choo Ing and Mr Pang Tin @ Pang Yon Tin, are deemed interested in this company.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follow:

	Group	
	2007 RM	2006 RM
Short term employee benefits	2,610,458	2,286,889
Post-employment benefits:		
Defined contribution plan	225,407	222,970
	<u>2,835,865</u>	<u>2,509,859</u>
Included in the total key management personnel are:		
Directors' remuneration	<u>2,198,095</u>	<u>2,280,135</u>

29. CONTINGENT LIABILITIES

	Company	
	2007 RM	2006 RM
Unsecured :		
Corporate guarantees given to financial institutions for banking facilities granted to subsidiary companies	<u>120,537,240</u>	<u>105,101,263</u>

30. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity and credit 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.

Notes To The Financial Statements (cont'd)

(b) Interest Rate Risk

The Group's exposure to interest rate risk relates primarily to interest bearing debts. The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates. The Group does not use derivative financial instruments to hedge interest rate risk.

(c) Liquidity Risk

The Group actively manages its operating cash flows and the availability of funding to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(d) Credit Risk

The credit risk in the property development activity is negligible as sales are mainly to purchasers who obtain financing from financial institutions. As such, the credit risk has been effectively transferred to the financial institutions as provided for in the sale and purchase agreements. For those sales on cash basis which only forms an insignificant portion of sales, credit risk is also negligible as titles will only be surrendered after full payments is received. This is currently the normal industry practice.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(e) Fair Values

It is not practical to estimate the fair value of amounts due from subsidiaries principally due to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. 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.

It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

For cash and cash equivalents, trade and other receivables/payables and short term borrowings, the carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

The carrying value of long term borrowings also approximate their fair values since interest charged on these borrowings vary with the prevailing market interest rates.

31. SEGMENT INFORMATION

Business Segments:

Segmental reporting by geographic location has not been presented as the Group's operations are within the same economic environment.

The Group is organised into two major business segments:

- (i) Property development - the development of residential and commercial properties;
- (ii) Investment holding - management and operations of buildings;

The directors are of the opinion that all inter-segment transactions have been entered in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Notes To The Financial Statements (cont'd)



	Property Development RM	Investment Holding RM	Elimination RM	Consolidated RM
2007				
Revenue				
External sales	52,965,036	-	-	52,965,036
Inter-segment sales	-	2,054,794	(2,054,794)	-
Total revenue	52,965,036	2,054,794	(2,054,794)	52,965,036
Results				
Segment results	4,841,719	1,428,889	(2,054,794)	4,215,814
Finance cost				(169,164)
Taxation				6,226,785
Net profit for the year				10,273,435
Assets				
Segment assets	511,105,923	222,547,812	(226,774,006)	506,879,729
Unallocated corporate assets				1,162,851
Consolidated total assets				508,042,580
Liabilities				
Segment liabilities	192,069,415	4,926,784	(64,356,636)	132,639,563
Unallocated corporate liabilities				61,554,359
Consolidated total liabilities				194,193,922
Other Information				
Capital expenditures	358,796	-	-	358,796
Depreciation	494,965	-	-	494,965
2006				(Restated)
Revenue				
External sales	46,855,163	-	-	46,855,163
Inter-segment sales	-	2,777,778	(2,777,778)	-
Total revenue	46,855,163	2,777,778	(2,777,778)	46,855,163
Results				
Segment results	2,640,860	2,236,984	(2,777,778)	2,100,066
Finance cost				(106,159)
Taxation				(1,428,868)
Net profit for the year				565,039
Assets				
Segment assets	494,651,915	220,165,468	(219,839,067)	494,978,316
Unallocated corporate assets				697,581
Consolidated total assets				495,675,897
Liabilities				
Segment liabilities	177,441,785	2,625,615	(57,421,658)	122,645,742
Unallocated corporate liabilities				68,622,768
Consolidated total liabilities				191,268,510
Other Information				
Capital expenditures	893,941	-	-	893,941
Depreciation	204,290	-	-	204,290

Particulars of Properties

<u>Location</u>	<u>Land Area/ Build Area</u>	<u>Tenure</u>	<u>Existing Use</u>	<u>Net Book Value as at 30 September 2007 (RM)</u>
Lots 1041, 1832, 1833, 1834, 2516, 2517, 2934, 6006, 6007, 6018, 6872 and 6873, Mukim Plentong, Daerah Johor Bahru	1,053.80 acres	Freehold	Vacant land Proposed golf resort, residential, commercial and industrial development	292,340,710
PT16853, HS (D) 103030, Mukim Damansara, Daerah Petaling, Selangor	16.58 acres	Freehold	Vacant land Proposed residential and commercial development	49,301,335
Total				<u>341,642,045</u>

The freehold land held under Lots 1041, 1832, 1833, 1834, 2516, 2517, 2934, 6006, 6007, 6872 and 6873 at Mukim Plentong, Daerah Johor Bahru was acquired in the year 1994.

The freehold land held under HS (D) 103030 No. PT16853 at Mukim Damansara, Daerah Petaling Selangor was acquired in the year 2006.

Statistics on Shareholdings



SHARE CAPITAL AS AT 31 DECEMBER 2007

Authorised	- RM300,000,000-00
Issued and fully paid up	- RM253,317,000-00
Class of Share	- Ordinary shares of RM1.00 each
Voting Rights	- One vote per share

DISTRIBUTION OF SHAREHOLDERS AS AT 31 DECEMBER 2007

<u>Size of Shareholdings</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Holders</u>
Less than 99	300	0.00	7
100 - 1,000	1,607,631	0.63	1,623
1,001 - 10,000	14,058,569	5.55	3,377
10,001 - 100,000	19,062,179	7.53	661
100,001 - less than 5% of issued shares	117,358,591	46.33	85
5% and above of issued shares	101,229,730	39.96	5
Grand Total	253,317,000	100.00	5,758

Statistics on Shareholdings (cont'd)

THE THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 DECEMBER 2007

<u>No.</u>	<u>Name</u>	<u>No. of Shares</u>	<u>%</u>
1.	AMMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for E. Seng Kiw @ Yee Oy Chong</i>	26,000,000	10.26
2.	Pang Tin @ Pang Yon Tin	25,097,838	9.91
3.	Hassan Bin Che Abas	17,300,000	6.83
4.	Phang Piow @ Pang Choo Ing	16,731,892	6.61
5.	Mohd Razali Bin Abdul Rahman	16,100,000	6.36
6.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Rosman Bin Abdullah</i>	10,000,000	3.95
7.	AMMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yee Yok Sen</i>	9,100,000	3.59
8.	Nik Mahmood Bin Nik Hassan	8,084,253	3.19
9.	Lee Ban Hin @ Michael Lee Ban Hin	7,416,000	2.93
10.	RHB Merchant Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Rewardwise Sdn Bhd</i>	7,000,000	2.76
11.	Pang Khong Nam	6,166,946	2.43
12.	E. Seng Kiw @ Yee Oy Chong	5,807,944	2.29
13.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Abu Bakar Mohd Nor</i>	5,000,000	1.97
14.	Yee Gee Min	3,829,198	1.51
15.	ABB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yee Chun Voon</i>	3,500,000	1.38
16.	MAYBAN Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wan Mustapha Bin Wan Ismail</i>	3,500,000	1.38
17.	BIMSEC Nominees (Asing) Sdn Bhd <i>Bank Islam (L) Ltd. for Nik Mahmood Nik Hassan</i>	2,800,000	1.11
18.	BIMSEC Nominees (Asing) Sdn Bhd <i>Bank Islam (L) Ltd. for Wan Mustapha Wan Ismail</i>	2,800,000	1.11
19.	Yee Chun Syan	2,623,043	1.04
20.	ABB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yee Chun Syan</i>	2,500,000	0.99
21.	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Pang Khong Nam</i>	2,500,000	0.99
22.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Hassan Bin Che Abas</i>	2,421,216	0.96
23.	William Pang	2,106,667	0.83
24.	Yuningsih Binti Abdul Wahid	2,000,000	0.79
25.	Wan Farah Alifa Binti Wan Mustapha	1,750,000	0.69
26.	Yee Chang Lin	1,668,170	0.66
27.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Othman Bin Hashim</i>	1,550,000	0.61
28.	Wang Ah Yu	1,540,667	0.61
29.	Wan Adleena Binti Wan Mustapha	1,500,000	0.59
30.	Wan Asnita Binti Wan Mustapha	1,000,000	0.39
		199,393,834	78.71

Statistics on Shareholdings (cont'd)



SUBSTANTIAL SHAREHOLDERS AS AT 31 DECEMBER 2007

<u>Substantial Shareholders</u>	<u>Direct</u>	No. of Shares Held		
		<u>%</u>	<u>Indirect</u>	<u>%</u>
Tan Sri Datuk Mohd Razali bin Abdul Rahman	16,521,216	6.53	6,672 ^{*1}	- ^{*1}
Datuk Hassan bin Che Abas	19,721,216	7.79	6,672 ^{*1}	- ^{*1}
E. Seng Kiw @ Yee Oy Chong	31,807,944	12.55	9,888,387 ^{*2}	3.90
Pang Tin @ Pang Yon Tin	25,097,838	9.91	4,390,334 ^{*2}	1.73
Phang Piow @ Pang Choo Ing	16,731,892	6.61	10,774,280 ^{*2}	4.25
Wan Mustapha bin Wan Ismail	6,638,833	2.62	6,303,381 ^{*2&3}	2.48

^{*1} Deemed interested by virtue of his interests in Sri Hanasia Sdn Bhd and Eranas Construction Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 of which the percentage is less than 0.01%.

^{*2} Deemed interest by virtue of the shareholdings held by his spouse and children.

^{*3} Deemed interested by virtue of his interests in Watan Makmur Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Statistics on Shareholdings (cont'd)

DIRECTORS' SHAREHOLDINGS AS AT 31 DECEMBER 2007

<u>Name of Directors</u>	<u>Direct</u>	No. of Shares Held		
		<u>%</u>	<u>Indirect</u>	<u>%</u>
Tan Sri Datuk Mohd. Razali bin Abdul Rahman	16,521,216	6.52	6,672 * ¹	- * ¹
E. Seng Kiw @ Yee Oy Chong	31,807,944	12.56	9,888,387 * ²	3.90
Yee Yok Sen	9,188,888	3.63	25,392 * ⁴	0.01
Pang Tin @ Pang Yon Tin	25,097,838	9.91	4,390,334 * ²	1.73
Phang Piow @ Pang Choo Ing	16,731,892	6.61	10,774,280 * ²	4.25
Wan Mustapha bin Wan Ismail	6,638,833	2.62	6,303,381 * ^{2&3}	2.49
Woon See Chin	20,000	-	35,000 * ⁴	0.01
Tee Boon Hin	35,000	0.01	-	-
Datuk Che Mokhtar bin Che Ali	-	-	-	-

*¹ Deemed interested by virtue of his interests in Sri Hanasia Sdn Bhd and Eranas Construction Sdn Bhd pursuant to Section 6A of the Companies Act, 1965, of which the percentage is less than 0.01%.

*² Deemed interested by virtue of the shareholdings held by his spouse and children.

*³ Deemed interested by virtue of his interests in Watan Makmur Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

*⁴ Deemed interested by virtue of the shareholdings held by his spouse.

FORM OF PROXY

I/We, _____ NRIC No. _____

of (full address) _____

being a Member/Members of FOCAL AIMS HOLDINGS BERHAD, hereby appoint _____

of _____

or failing him/her, _____

of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Fourth Annual General Meeting of the Company, to be held at the **Ballroom 1, Hyatt Regency Johor Bahru, Jalan Sungai Chat, 80720 Johor Bahru, Johor Darul Ta'zim** on **Wednesday, 27 February 2008** at **11.00 a.m.** and at any adjournment thereof for/against the resolution(s) to be proposed thereat.

No.	Resolutions	For	Against
1.	Ordinary Business:- To receive the Directors' Report and Audited Financial Statements for the financial year ended 30 September 2007 together with the Auditors' Report thereon.		
2.	To approve the Directors' Fees for the financial year ended 30 September 2007.		
3.	To approve the declaration of a final dividend of 0.80% less income tax for the financial year ended 30 September 2007.		
4.	To re-elect Mr. Pang Tin @ Pang Yon Tin who is retiring in accordance with Article 80 of the Articles of Association of the Company.		
5.	To re-elect Encik Wan Mustapha bin Wan Ismail who is retiring in accordance with Article 80 of the Articles of Association of the Company.		
6.	To re-elect Mr. Woon See Chin who is retiring in accordance with Article 80 of the Articles of Association of the Company.		
7.	To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
No.	Resolutions	For	Against
8.	Special Business:- Ordinary Resolution - Authority to issue and allot shares.		
9.	Special Resolution - Proposed Amendments to the Articles of Association of the Company.		

Please indicate your vote by a (X) in the respective box of each resolution. Unless voting instructions are indicated in the space above, the proxy will vote or abstain from voting as he/she thinks fit.

As witness my/our hand(s) this _____ day of _____, 2008

No. of Shares held

Signature _____

Notes:-

- A member entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and vote in his stead. A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 338, 3rd Floor, Johor Tower, Jalan Gereja, 80100 Johor Bahru not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

STAMP

The Company Secretary

FOCAL AIMS HOLDINGS BERHAD

(Co. No. 17777-V)

Suite 338, 3rd. Floor,
Johor Tower, Jalan Gereja
80100 Johor Bahru
Johor Darul Ta'zim



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