

DIRECTOR'S REPORT

for the year ended 31 March 2001

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2001.

Principal activities

The Company is principally engaged in the undertaking of civil engineering and construction works, whilst the principal activity of the subsidiary is stated in Note 3 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Net loss for the year	16,828,475	16,826,574

Reserves

There were no material transfers to or from reserves and provisions during the year under review.

Dividend

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review.

Directors of the Company

Directors who served since the date of the last report are:

Dato' Amirullah Abdul Muhi bin Mayudin
Dato' Lim Kang Yew
Tuan Haji Ibrahim bin Haji Keling
Lokman bin Omar
Johar Salim bin Yahaya
Sum Kwai Sang
Hisham bin Mahmood
Dato' Haji Kamaruddin @ Abas bin Nordin (resigned on 20.6.2001)



DIRECTOR'S REPORT (Cont'd)

for the year ended 31 March 2001

The holdings and deemed holdings of the Directors in the ordinary shares of the Company and of its related corporations at year end as recorded in the Register of Director' Shareholdings are as follows:-

	Number of ordinary shares of RM1 each			
	At 1.4.2000	Bought	Sold	At 31.3.2001
Shareholdings in which Director has direct interest:				
Dato' Lim Kang Yew	4,215,000	-	-	4,215,000
Shareholdings in which Director has indirect interest by virtue of shares held by Limbongan Resources Sdn. Bhd.:				
Lokman bin Omar	10,098,000	-	(5,100,000)	4,998,000

Dato' Lim Kang Yew and Lokman bin Omar are deemed to have interest in the shares of the subsidiary of the Group by virtue of their interest in the Company as disclosed above.

None of the other Directors holding office as at 31 March 2001 had any interest in the ordinary shares of the Company and its related corporations during the year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with companies in the Group in the ordinary course of business as disclosed in Note 19.

There were no arrangements during and at the end of the year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares

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

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.



DIRECTOR'S REPORT (Cont'd)

for the year ended 31 March 2001

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 March 2001 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

.....
Dato' Lim Kang Yew

.....
Lokman bin Omar

Kuala Lumpur,

Date: 24 July 2001



BALANCE SHEETS

as at 31 March 2001

	Note	Group 2001 RM	Company 2001 RM	2000 RM
Property, plant and equipment	2	4,555,472	4,555,472	7,187,815
Investment in a subsidiary	3	-	51,000	-
Current assets				
Amount due from contract customers	4	21,876,273	21,876,273	37,945,609
Trade and other receivables	5	18,077,809	17,900,817	22,964,172
Cash and cash equivalents	6	2,022,668	1,901,364	2,474,889
		41,976,750	41,678,454	63,384,670
Current liabilities				
Trade and other payables	7	13,973,923	13,771,900	19,731,207
Borrowings	8	8,245,061	8,245,061	16,141,446
Taxation		857,236	857,236	1,619,414
		23,076,220	22,874,197	37,492,067
Net current assets		18,900,530	18,804,257	25,892,603
		23,456,002	23,410,729	33,080,418
Financed by:-				
Capital and reserves				
Share capital	9	19,800,000	19,800,000	19,800,000
Reserves	10	(4,212,696)	(4,210,795)	12,615,779
Shareholders' funds		15,587,304	15,589,205	32,415,779
Minority shareholder's interest	11	47,174	-	-
Long term and deferred liabilities				
Borrowings	8	7,821,524	7,821,524	664,639
		23,456,002	23,410,729	33,080,418

The notes set out on pages 19 to 33 form an integral part of, and should be read in conjunction with, these financial statements.



INCOME STATEMENTS

for the year ended 31 March 2001

	Note	Group 2001 RM	Company 2001 RM	2000 RM
Contract revenue		40,433,887	40,433,887	65,771,813
Contract cost		(56,083,937)	(56,083,937)	(70,772,211)
Gross loss		(15,650,050)	(15,650,050)	(5,000,398)
Other operating income		926,586	926,586	293,867
Administration expenses		(787,373)	(785,646)	(962,916)
Other operating expenses		(2,000)	-	(1,000,000)
Operating loss	12	(15,512,837)	(15,509,110)	(6,669,447)
Financing costs	13	(1,365,698)	(1,365,698)	(1,438,669)
Interest income		48,234	48,234	51,032
Loss before tax		(16,830,301)	(16,826,574)	(8,057,084)
Tax expense	15	-	-	1,633,000
Loss after tax		(16,830,301)	(16,826,574)	(6,424,084)
Less: Minority interest		1,826	-	-
Net loss for the year		(16,828,475)	(16,826,574)	(6,424,084)
Basic loss per ordinary share (sen)	16	(84.99)	(84.98)	(32.44)

The notes set out on pages 19 to 33 form an integral part of, and should be read in conjunction with, these financial statements.



STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2001

Group

	Share capital RM	Non- distributable Share premium RM	Distributable Retained profits/ (Accumulated losses) RM	Total RM
At 31 March 2000	19,800,000	138,161	12,477,618	32,415,779
Net loss for the year	-	-	(16,828,475)	(16,828,475)
At 31 March 2001	19,800,000	138,161	(4,350,857)	15,587,304
	Note 9			

Company

	Share capital RM	Non- distributable Share premium RM	Distributable Retained profits/ (Accumulated losses) RM	Total RM
At 1 April 1999	19,800,000	138,161	18,901,702	38,839,863
Net loss for the year	-	-	(6,424,084)	(6,424,084)
At 31 March 2000	19,800,000	138,161	12,477,618	32,415,779
Net loss for the year	-	-	(16,826,574)	(16,826,574)
At 31 March 2001	19,800,000	138,161	(4,348,956)	15,589,205
	Note 9			

The notes set out on pages 19 to 33 form an integral part of, and should be read in conjunction with, these financial statements.



CASH FLOW STATEMENTS

for the year ended 31 March 2001

	Group 2001 RM	Company 2001 RM	2000 RM
Cash flows from operating activities			
Loss before taxation	(16,830,301)	(16,826,574)	(8,057,084)
Adjustments for:			
Depreciation	3,347,800	3,347,800	4,292,165
Gain on disposal of property, plant and equipment	(803,290)	(803,290)	(62,346)
Interest expenses	1,365,698	1,365,698	1,438,669
Interest income	(48,234)	(48,234)	(51,032)
Operating loss before working capital changes	(12,968,327)	(12,964,600)	(2,439,628)
(Increase)/Decrease in working capital			
Amount due from contract customers	16,069,336	16,069,336	16,666,944
Trade and other receivables	4,886,363	5,063,355	(1,307,568)
Trade and other payables	(5,989,896)	(6,191,919)	(5,801,276)
Cash generated from operations	1,997,476	1,976,172	7,118,472
Income taxes paid	(762,178)	(762,178)	(1,238,271)
Interest paid	(1,133,086)	(1,133,086)	(1,438,669)
Interest received	48,234	48,234	51,032
Net cash generated by operating activities	150,446	129,142	4,492,564
Cash flows from investing activities			
Purchase of property, plant and equipment	(i) (682,887)	(682,887)	(301,992)
Proceeds from disposal of property, plant and equipment	960,525	960,525	165,049
Acquisition of subsidiary, net of cash acquired	(ii) 49,000	(51,000)	-
Net cash generated by/(used in) investing activities	326,638	226,638	(136,943)
Cash flows from financing activities			
Repayment of hire purchase liabilities	(587,934)	(587,934)	(1,312,960)
Repayment of revolving credit	(11,875,000)	(11,875,000)	(1,250,000)
Proceeds from term loan	10,000,000	10,000,000	-
Net cash used in financing activities	(2,462,934)	(2,462,934)	(2,562,960)
Net (decrease)/increase in cash and cash equivalents	(1,985,850)	(2,107,154)	1,792,661
Cash and cash equivalents at beginning of year	(iii) 1,264,743	1,264,743	(527,918)
Cash and cash equivalents at end of year	(iii) (721,107)	(842,411)	1,264,743



CASH FLOW STATEMENTS (Cont'd)

for the year ended 31 March 2001

i) Purchase of property, plant and equipment

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM872,692 (2000 – RM1,615,992), of which RM189,805 (2000 – RM1,314,000) was acquired by means of hire purchase.

ii) Acquisition of a subsidiary

During the year, the Group acquired a subsidiary, Limbongan-Ekovest Management Sdn. Bhd. ("LEM"). The fair values of assets and liabilities assumed were as follows:

	Group 2001 RM
Current assets	100,000
Current liabilities	-
Minority interest	(49,000)
Net assets/Purchase price paid	51,000
Less: Cash and cash equivalents of LEM	(100,000)
Cash flow on acquisition, net of cash acquired	(49,000)

iii) Cash and cash equivalents

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

	Group 2001 RM	Company 2001 RM	2000 RM
Cash and bank balances	1,020,280	898,976	1,472,745
Deposits (excluding deposits pledged)	2,388	2,388	2,144
Bank overdrafts (Note 8)	(1,743,775)	(1,743,775)	(210,146)
	(721,107)	(842,411)	1,264,743

The notes set out on pages 19 to 33 form an integral part of, and should be read in conjunction with, these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention and in compliance with applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. In determining the recoverable amount of property, plant and equipment, expected future cash flows have not been discounted to their present values. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(d) Depreciation

Freehold land is not amortised. Leasehold land is amortised in equal instalments over the remaining lease period of ninety-one years while buildings are depreciated on a straight line basis over the shorter of 50 years or the lease period. The straight-line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Buildings	2%
Plant and machinery	20%
Office equipment	10%
Motor vehicles	20%
Furniture and fittings	10%

(e) Hire purchase

Property, plant and equipment acquired under hire purchase agreements are capitalised at their purchase cost and depreciated on the same basis as owned assets. The total amount payable under hire purchase agreements is included as hire purchase creditors. The interest element of the rental obligations is charged to the income statement over the period of the hire purchase and accounted for based on the sum of digits method.

(f) Investments

Long term investments are stated at cost. A provision is made when the Directors are of the view that there is a permanent diminution in their value.

(g) Amount due from contract customers

Amount due from contract customers on construction contracts is stated at cost plus attributable profits less foreseeable losses and less progress billings. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown in other payables as amount due to contract customers.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(i) Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(j) Revenue

i) Construction contracts

Revenue from long term fixed price construction contracts is recognised on the percentage of completion method, measured by reference to surveys of work performed.

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

An expected loss on a contract is recognised immediately in the income statement.

ii) Interest income

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

(k) Financing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred. The interest component of hire purchase payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Property, plant and equipment

Group	Long term leasehold land RM	Freehold land and buildings RM	Buildings RM	Plant and machinery RM	Office equipment RM	Motor vehicles RM	Furniture and fittings RM	Total RM
Cost								
At 1 April 2000	309,636	988,000	-	24,505,807	1,424,713	7,505,530	155,261	34,888,947
Additions	-	-	625,860	25,000	10,037	211,795	-	872,692
Disposal	-	-	-	(708,000)	-	(689,554)	-	(1,397,554)
At 31 March 2001	309,636	988,000	625,860	23,822,807	1,434,750	7,027,771	155,261	34,364,085
Depreciation								
At 1 April 2000	-	103,600	-	21,607,534	702,371	5,186,757	100,870	27,701,132
Charge for the year	3,403	17,800	7,302	2,297,712	137,790	868,604	15,189	3,347,800
Disposal	-	-	-	(708,000)	-	(532,319)	-	(1,240,319)
At 31 March 2001	3,403	121,400	7,302	23,197,246	840,161	5,523,042	116,059	29,808,613
Net book value								
At 31 March 2001	306,233	866,600	618,558	625,561	594,589	1,504,729	39,202	4,555,472

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Property, plant and equipment

Company

Cost	Long term leasehold land RM	Freehold land and buildings RM	Buildings RM	Plant and machinery RM	Office equipment RM	Motor vehicles RM	Furniture and fittings RM	Total RM
At 1 April 2000	309,636	988,000	-	24,505,807	1,424,713	7,505,530	155,261	34,888,947
Additions	-	-	625,860	25,000	10,037	211,795	-	872,692
Disposal	-	-	-	(708,000)	-	(689,554)	-	(1,397,554)
At 31 March 2001	309,636	988,000	625,860	23,822,807	1,434,750	7,027,771	155,261	34,364,085
Depreciation								
At 1 April 2000	-	103,600	-	21,607,534	702,371	5,186,757	100,870	27,701,132
Charge for the year	3,403	17,800	7,302	2,297,712	137,790	868,604	15,189	3,347,800
Disposal	-	-	-	(708,000)	-	(532,319)	-	(1,240,319)
At 31 March 2001	3,403	121,400	7,302	23,197,246	840,161	5,523,042	116,059	29,808,613
Net book value								
At 31 March 2001	306,233	866,600	618,558	625,561	594,589	1,504,729	39,202	4,555,472
At 31 March 2000	309,636	884,400	-	2,898,273	722,342	2,318,773	54,391	7,187,815
Depreciation charge for the year ended 31 March 2000	-	17,800	-	3,197,873	140,561	920,405	15,526	4,292,165

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Assets under hire purchase

Included in property, plant and equipment of the Group and of the Company are plant and machinery and motor vehicles acquired under hire purchase agreements with net book value RM1,232,029 (2000 – RM3,027,078).

3. Investment in a subsidiary

	Company	
	2001 RM	2000 RM
Unquoted shares, at cost	51,000	-

Details of the subsidiary are as follows:

Name of company	Principal activity	Country of incorporation	Effective ownership interest	
			2001 %	2000 %
Limbongan-Ekovest Management Sdn. Bhd.*	Dormant	Malaysia	51	-

* Incorporated on 8 June 2000 and audited by another firm of accountant.

4. Amount due from contract customers

	Group 2001 RM	Company	
		2001 RM	2000 RM
Aggregate costs incurred to date	293,154,401	293,154,401	429,371,003
Add: Attributable profits	19,013,231	19,013,231	49,017,067
Less: Recognised losses	(4,771,468)	(4,771,468)	(2,000,000)
	307,396,164	307,396,164	476,388,070
Less: Progress billings	(285,519,891)	(285,519,891)	(438,442,461)
	21,876,273	21,876,273	37,945,609

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. Trade and other receivables

	Group 2001 RM	Company 2001 RM	2000 RM
Trade receivables	7,257,567	7,257,567	5,281,901
Less: Provision for doubtful debts	(2,000,000)	(2,000,000)	(2,000,000)
	<hr/>	<hr/>	<hr/>
Retention sum receivable	5,257,567	5,257,567	3,281,901
Other receivables, deposits and prepayments	5,518,716	5,518,716	7,493,464
	<hr/>	<hr/>	<hr/>
	7,301,526	7,124,534	12,188,807
	<hr/>	<hr/>	<hr/>
	18,077,809	17,900,817	22,964,172
	<hr/>	<hr/>	<hr/>

Included in other receivables, deposits and prepayments are advances made to sub-contractors amounting to RM6,398,860 (2000 – RM11,926,219). The advances to sub-contractors are unsecured and interest free. These advances will be recouped by way of setting off against future claims by these sub-contractors except for an amount of RM1,065,000 (2000 – RM4,989,000) which has no fixed terms of repayment.

6. Cash and cash equivalents

	Group 2001 RM	Company 2001 RM	2000 RM
Deposits with a licensed bank	1,002,388	1,002,388	1,002,144
Cash and bank balances	1,020,280	898,976	1,472,745
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	2,022,668	1,901,364	2,474,889
	<hr/>	<hr/>	<hr/>

The deposits with a licensed bank of RM1,000,000 (2000 – RM1,000,000) is held under lien for overdraft facility granted to the Company.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. Trade and other payables

	Group 2001 RM	Company 2001 RM	2000 RM
Trade payables	4,407,343	4,407,343	4,936,413
Retention payables	8,531,258	8,531,258	9,849,553
Other payables and accruals	1,035,322	833,299	4,945,241
	<u>13,973,923</u>	<u>13,771,900</u>	<u>19,731,207</u>

Included in other payables are interest free advances received from developers amounting to Nil (2000 - RM2,639,291).

The advances of RM810,000 (2000 - RM810,000) received from developers are secured by way of bank guarantees and will be repaid by way of setting off against the Company's progress claims to the developers.

Other advances are unsecured and have no fixed terms of repayment.

8. Borrowings

	Group 2001 RM	Company 2001 RM	2000 RM
Current			
Revolving credit - unsecured	3,500,000	3,500,000	15,375,000
Overdrafts - secured	878,223	878,223	-
- unsecured	865,552	865,552	210,146
Term loan - unsecured	2,500,000	2,500,000	-
Hire purchase liabilities	501,286	501,286	556,300
	<u>8,245,061</u>	<u>8,245,061</u>	<u>16,141,446</u>
Non-current			
Term loan - unsecured	7,500,000	7,500,000	-
Hire purchase liabilities	321,524	321,524	664,639
	<u>7,821,524</u>	<u>7,821,524</u>	<u>664,639</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Terms and debts repayment schedule:-

The revolving credit is subject to interest at rates ranging from 6.0% to 9.7% (2000 – 6.0% to 9.7%) per annum.

The overdrafts are subject to interest at rates ranging from 8.3% to 9.3% (2000 – 8.3% to 9.3%) per annum.

The term loan is subject to interest rate of 8.8% (2000 – Nil) per annum.

The hire purchase is subject to interest at rates ranging from 5.0% to 6.7% (2000 – 5.0% to 6.7%) per annum.

		Total RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
Group and Company					
Revolving credit	- unsecured	3,500,000	3,500,000	-	-
Overdrafts	- secured	878,223	878,223	-	-
	- unsecured	865,552	865,552	-	-
Term loan	- unsecured	10,000,000	2,500,000	7,500,000	-
Hire purchase liabilities		822,810	501,286	289,890	31,634
		<u>16,066,585</u>	<u>8,245,061</u>	<u>7,789,890</u>	<u>31,634</u>

The Company's overdraft is secured by memorandum of deposit of RM1,000,000 and guaranteed by way of negative pledge over the Company's present and future assets.

The revolving credit and term loan is guaranteed by way of negative pledge over the Company's present and future assets.

Hire purchase liabilities

Hire purchase liabilities are payable as follows:-

	Payments 2001 RM	Interest 2001 RM	Principal 2001 RM	Payments 2000 RM	Interest 2000 RM	Principal 2000 RM
Group						
Less than one year	593,006	(91,720)	501,286	-	-	-
Between one and five years	377,144	(55,620)	321,524	-	-	-
	<u>970,150</u>	<u>(147,340)</u>	<u>822,810</u>	<u>-</u>	<u>-</u>	<u>-</u>
Company						
Less than one year	593,006	(91,720)	501,286	658,769	(102,469)	556,300
Between one and five years	377,144	(55,620)	321,524	788,254	(123,615)	664,639
	<u>970,150</u>	<u>(147,340)</u>	<u>822,810</u>	<u>1,447,023</u>	<u>(226,084)</u>	<u>1,220,939</u>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. Share capital

	Group 2001 RM	Company 2001 RM	2000 RM
Ordinary shares of RM1 each:			
Authorised	25,000,000	25,000,000	25,000,000
Issued and fully paid	19,800,000	19,800,000	19,800,000

10. Reserves

	Group 2001 RM	Company 2001 RM	2000 RM
Non-distributable			
Share premium	138,161	138,161	138,161
Distributable			
(Accumulated losses)/Retained profits	(4,350,857)	(4,348,956)	12,477,618
	(4,212,696)	(4,210,795)	12,615,779

Share premium arose from issuance of ordinary shares at an issue price higher than its nominal value.

11. Minority shareholder's interest

This consists of the minority shareholder's proportion of share capital and reserves of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. Operating loss

	Group 2001 RM	Company 2001 RM	2000 RM
Operating loss is arrived at after charging:			
Auditors' remuneration	36,350	36,000	36,000
Depreciation (Note 2)	3,347,800	3,347,800	4,292,165
Company's Directors			
- Remuneration	670,096	670,096	668,626
- Fees	15,000	15,000	15,000
Hire of plant and machinery	332,642	332,642	431,932
Provision for doubtful debts	-	-	1,000,000
Site and office rental	250,010	250,010	270,690
and after crediting:			
Gain on disposal of property, plant and equipment	803,290	803,290	62,346
Rental income from hire of plant and machinery	122,771	122,771	230,950

The estimated monetary value of benefits-in-kind to Directors not included in the above is Nil (2000 - RM23,950).

13. Financing costs

	Group 2001 RM	Company 2001 RM	2000 RM
Interest payables:			
Revolving credit	239,613	239,613	1,128,385
Bank overdrafts	73,630	73,630	94,037
Term loan	945,241	945,241	26,918
Hire purchase liabilities	107,214	107,214	189,329
	1,365,698	1,365,698	1,438,669

14. Employee information

	Group 2001 RM	Company 2001 RM	2000 RM
Staff costs	4,404,573	4,404,573	4,453,597

The number of employees of the Group and of the Company (including Directors) at the end of the year was 56 and 56 (2000 - 74) respectively.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. Tax expense

There is no income tax expense in the current year as the Group and the Company are in tax loss position.

Subject to agreement by the Inland Revenue Board, the Group and the Company have potential deferred tax benefits not taken up in the financial statements under the liability method in respect of the following items:

	Group 2001 RM	Company 2001 RM	2000 RM
Unutilised tax losses	(16,098,000)	(16,098,000)	(2,578,000)
Other timing differences	(5,790,000)	(5,790,000)	(3,301,000)

16. Loss per ordinary share

Group

Basic loss per share

The calculation of basic earnings per ordinary share is based on the net loss attributable to ordinary shareholders of RM16,828,475 over the weighted average number of ordinary shares outstanding during the year of 19,800,000.

Company

Basic loss per share

The calculation of basic earnings per ordinary share is based on the net loss attributable to ordinary shareholders of RM16,826,574 (2000 – RM6,424,084) over the weighted average number of ordinary shares outstanding during the year of 19,800,000 (2000 – 19,800,000).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. Contingent liabilities (unsecured)

	Group 2001 RM	Company 2001 RM	2000 RM
Performance bond given to third parties in respect of projects	7,443,087	7,443,087	17,762,020
Bank guarantee given to third parties in respect of purchasing material for project	1,856,412	1,856,412	373,000
Design bond given to a third party in respect of a project	218,729	218,729	218,729
Advance bond given to a third party in respect of project	1,561,165	1,561,165	1,561,165
Tender bond given to a third party in respect of tendering for a project	2,745,000	2,745,000	50,000
	<u>13,824,393</u>	<u>13,824,393</u>	<u>19,964,914</u>

Litigation

During the financial year ended 31 March 1999, a sub-contractor has filed a claim against the Company for RM14.6 million. No provision has been made in the financial statements as the case was referred to arbitration and the Directors of the Company are of the opinion that the outcome of the arbitration would be in favour of the Company. Accordingly, a counter claim has been filed in 1999 by the Company against the aforementioned sub-contractor for RM1.1 million. The status of the case remained unchanged during the year under review.

18. Segmental reporting

As the Group is principally engaged in the undertaking of civil engineering and construction works in Malaysia, no segmental analysis is provided.

19. Related parties

Identity of related parties

The Group has a controlling related party relationship with its substantial shareholders.

The Group also has a related party relationship with its Directors and key management personnel and the close members of their families.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Transactions with Directors

Significant transactions and balances with companies in which certain Directors have interest and with close members of their families other than those disclosed elsewhere in the financial statements are as follows:

	Group 2001 RM	Company 2001 RM	2000 RM
Transactions			
With company in which a Director has interests:			
Payment of expenses on behalf of/ (by) a related party	880	880	(60,000)
Purchase of raw materials on behalf of related parties	970	970	8,768
With companies in which a Director's close family members have interests:			
Sub-contract works payable	1,980,711	1,980,711	2,753,184
Rental of office payable	218,240	218,240	218,240
	<hr/>	<hr/>	<hr/>
Balances			
With company in which a Director has interests:			
Amount due from in respect of purchase of raw materials on behalf of related parties	100,012	100,012	200,110
With companies in which a Director's close family members have interests:			
Rental payable	218,240	218,240	104,051
	<hr/>	<hr/>	<hr/>

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. Significant events during the year

Significant events involving the Company during the year are as follows:

- i. On 5 May 2000, the Company announced the following proposals:
 - a) A proposed private placement of 1,980,000 new ordinary shares of RM1.00 each in the Company representing 10% of the existing issued and paid up share capital of the Company of 19,800,000 shares of RM1.00 each at an issue price to be determined at a later date ("Proposed Private Placement");
 - b) A proposed renounceable rights issue of 174,240,000 new ordinary shares of the Company ("Right Shares") on the basis of eight (8) new ordinary shares for every one (1) existing ordinary share held after the Proposed Private Placement at an issue price of RM1.00 per share ("Proposed Right Issue");
 - c) A proposed acquisition by the Company of 500,000 ordinary shares of RM1.00 each in Danga Bay Sdn. Bhd. ("DBSB") representing the entire issued and paid up capital of DBSB from Credence Resources Sdn. Bhd. for a purchase consideration of RM500,000 to be satisfied by the issuance of new ordinary shares of the Company and an undertaking by the Company to assume and settle the total debts of DBSB of RM237,006,121 ("Proposed Acquisition");
 - d) A proposed increase in authorized share capital of the Company from RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each to RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each ("Proposed Increase in Authorised Share Capital"); and
 - e) A proposed change of name of the Company from Pembinaan Limbongan Setia Berhad, to Danga Berhad ("Proposed Change of Name").

The Directors, Dato' Amirullah Abdul Muhi Bin Mayudin and Johar Salim Bin Yahaya are deemed interested in the Proposed Acquisition.

Following the above proposals, in particular the acquisition of DBSB, the Company extends its principal activities to include property development and investment.

The proposals are subject to the approvals from the relevant authorities.

- ii. On 8 June 2000, the Company subscribed for 51,000 ordinary shares of RM1.00 each representing 51% of the issued and paid up share capital of Limbongan-Ekovest Management Sdn. Bhd. for a total cash consideration of RM51,000.

21. Comparative figures

- i. Following the adoption of MASB Standards in the preparation of this set of financial statements, the presentation and classification of certain items in the financial statements have been amended. Accordingly, comparative amounts for those items have been reclassified to ensure comparability with the current financial year.
- ii. No comparatives are presented for the Group as this is the first set of consolidated financial statements for Pembinaan Limbongan Setia Berhad. The subsidiary was only incorporated during the year.



STATUTORY DECLARATION

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

I, **Lokman bin Omar**, being the Director primarily responsible for the financial management of **Pembinaan Limbongan Setia Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 14 to 33, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
LOKMAN BIN OMAR at KUALA LUMPUR in the
FEDERAL TERRITORY ON 24 July 2001

Before me:

Barathan A/L Sinniah @ Chinniah. AMN, PJK
Commissioner for Oaths
No. W202
Kuala Lumpur



REPORT OF THE AUDITORS TO THE MEMBERS

of Pembinaan Limbongan Setia Bhd

We have audited the financial statements set out on pages 14 to 33. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 March 2001 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company:

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

The subsidiary in respect of which we have not acted as auditors is identified in Note 3 to the financial statements and we have considered its financial statements and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiary 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 audit report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG

Firm Number: AF 0758
Chartered Accountants

LIM HUN SOON @ DAVID LIM

Partner
Approval Number: 1514/5/02(J)

Kuala Lumpur,
Date: 24 JULY 2001



ANALYSIS OF SHAREHOLDING

as at 24th August 2001

Authorised Share Capital : RM25,000,000
Issue and Fully Paid-up : RM19,800,000

Class of Shares : Ordinary shares of RM1.00 each
Voting Right : One vote per ordinary share

1. ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	Shareholders	%	Shareholdings	%
Less than 1000	0	0	0	0
1001 - 10,000	507	89.58	941,000	4.75
10,001 - 100,000	41	7.24	1,633,000	8.25
100,001 - 989,999	14	2.47	3,411,000	17.23
990,000 & Above	4	0.71	13,815,000	69.77
TOTAL	566	100.00	19,800,000	100.00

2. THIRTY (30) LARGEST SHAREHOLDERS

Name	Shareholdings	%
1. Limbongan Resources Sdn Bhd	4,998,000	25.24
2. Dato' Lim Kang Yew	4,215,000	21.29
3. BBMB Securities Nominees (Tempatan) S/B A/C - Kumpulan Prasarana Rakyat Johor Sdn Bhd	3,400,000	17.17
4. OSK Nominees (Tempatan) Sdn Bhd A/C - Kumpulan Prasarana Rakyat Johor Sdn Bhd	1,700,000	8.59
5. Lim Keng Cheng	599,000	3.03
6. Wong Chooi Fah	370,000	1.87
7. Wong Yoon Fah	342,000	1.73
8. Amsec Nominees (Tempatan) Sdn Bhd A/C - Goh Eng Keong	270,000	1.36
9. Amanah Raya Nominees (Tempatan) Sdn Bhd A/C - Kuala Lumpur Smallcap Fund	200,000	1.01
10. Mayban Securities Nominees (Tempatan) Sdn Bhd A/C - Wong Siew Chin	187,000	0.94
11. Roslee bin Daud	162,000	0.82
12. Khoo Nang Seng @ Khoo Nam Seng	161,000	0.81
13. Mayban Securities Nominees (Tempatan) Sdn Bhd A/C - Pang Piu Fong	159,000	0.80
14. Mayban Securities Nominees (Tempatan) Sdn Bhd A/C - Naharudin bin Nizam	128,000	0.65
15. Amsec Nominees (Tempatan) Sdn Bhd A/C - Tan Leak Goh	119,000	0.60
16. Hambali bin Idris	109,000	0.55
17. Lam Mee Ling	107,000	0.54
18. Tan Lai Leng	94,000	0.48
19. Lim Shat Lan	93,000	0.47
20. Koh Chaw Huah	92,000	0.46
21. Beh Eng Siew	88,000	0.44



ANALYSIS OF SHAREHOLDING

as at 24th August 2001

2. THIRTY (30) LARGEST SHAREHOLDERS (Cont'd)

Name	Shareholdings	%
22. Yap Song Yung	75,000	0.38
23. Lembaga Tabung Haji	75,000	0.38
24. Yap Shing @ Yap Sue Kim	75,000	0.38
25. Ngai Sok Fong	72,000	0.37
26. Loh Yu San	69,000	0.35
27. Aishah Binti Omar	54,000	0.27
28. Neo Peng Boon @ Niew Chew Hing	50,000	0.25
29. Lim Hoe	50,000	0.25
30. Tan Seng Loh	46,000	0.23
TOTAL	18,159,000	91.71

3. SUBSTANTIAL SHAREHOLDERS

Name	Direct Shareholdings	%	Indired Shareholdings*	%
1. Limbongan Resources Sdn Bhd	4,998,000	25.24	-	-
2. Dato' Lim Kang Yew	4,215,000	21.29	-	-
3. Kumpulan Prasarana Rakyat Johor Sdn Bhd	5,100,000	25.76	-	-
4. Lokman bin Omar	-	-	4,998,000	25.24
5. Lim Keng Guan	-	-	4,998,000	25.24
TOTAL	14,313,000	72.29		

4. DIRECTORS' SHAREHOLDINGS

Name	Direct Shareholdings	%	Indired Shareholdings*	%
1. Dato' Amirullah Abdul Muhi bin Mayudin	-	-	-	-
2. Dato' Lim Kang Yew	4,215,000	21.29	-	-
3. Lokman bin Omar	-	-	4,998,000	25.24
4. Haji Ibrahim bin Haji Keling	-	-	-	-
5. Johar Salim bin Yahaya	-	-	-	-
6. Sum Kwai Sang	-	-	-	-
7. Hisham bin Mahmood	-	-	-	-
TOTAL	4,215,000	21.29		

*Deemed interest by virtue of his shareholdings in Limbongan Resources Sdn Bhd.



PARTICULARS OF PROPERTIES

as at 24th August 2001

NO	LOCATION	DESCRIPTION/ EXISTING USE	AGE OF BUILDING	LAND AREA	TENURE	NET BOOK VALUE
1.	H.S.(D) No.9469 , PT No.7923, Mukim Batu Caves, Selangor Darul Ehsan	4 - Storey Shop / Head Office Building	9 Years	226 sq.m (2,434sq.ft)	Freehold	593,600
2.	H.S.(D) No.100241, PT No.62760, Mukim Plentong, Johor Darul Ta'zim	2 - Storey Shop / Office Building Rented	13 Years	143.07 sq.m (1,540sq.ft)	Freehold	273,000
3	Lot 375, Sector 4, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots / Vacant	-	1,380.1 sq.m	Leasehold 99 years expiring on 10 Sep 2092	176,301
4	Lot 378, Sector 4, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots / Vacant	-	871.8 sq.m	Leasehold 99 years expiring on 10 Sep 2092	129,933
5	No.21 Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA , 81200 Johor Bahru, Johor Darul Takzim.	Apartments / Vacant	1 Year	1043 sq.ft	Leasehold 99 years expiring on 22 March 2085	155,801
6	No.22 Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA , 81200 Johor Bahru, Johor Darul Takzim.	Apartments / Vacant	1 Year	1043 sq.ft	Leasehold 99 years expiring on 22 March 2085	155,801
7	No.21 Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA , 81200 Johor Bahru, Johor Darul Takzim.	Apartments / Vacant	1 Year	1043 sq.ft	Leasehold 99 years expiring on 22 March 2085	153,478
8	No.22 Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA , 81200 Johor Bahru, Johor Darul Takzim.	Apartments / Vacant	1 Year	1043 sq.ft	Leasehold 99 years expiring on 22 March 2085	153,478



PEMBINAAN LIMBONGAN SETIA BERHAD
(Incorporated in Malaysia)
Company No. 160032-K

Proxy Form

I/We _____

of _____

being a member/members of the above named Company hereby appoint _____

of _____

or failing whom _____

of _____

or the Chairman of the meeting as my/our proxy on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Damai One Kelab Century Paradise, Jalan Melawati 3, Taman Melawati, 53100 Selangor Darul Ehsan on Thursday, 27th day of September 2001 at 10.00 a.m. or any adjournment thereof.

My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "X" :

ORDINARY RESOLUTIONS	FOR	AGAINST
1. Adoption of Reports and Accounts [Resolution 1]		
2. Approval of Directors' Fees [Resolution 2]		
3. Re-election of directors :-		
a) Dato' Amirullah Abdul Muhi bin Mayudin [Resolution 3]		
b) Dato' Lim Kang Yew [Resolution 4]		
c) Mr Sum Kwai Sang [Resolution 5]		
4. Re-appointment of Auditors [Resolution 6]		
5. Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965 [Resolution 7]		

Dated this _____ day of _____ 2001.

Number of shares held

Signature of Shareholder (s)

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints more than one(1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The instrument appointing a proxy / proxies shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy/proxies must be deposited at the registered office of the company at 17C, Wisma Limbongan Setia, Jalan SG 3/4, Taman Seri Gombak, 68100 Batu Caves, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting.