

Annual Report 2003 Laporan Tahunan



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



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NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

for the year ended 31 March 2003

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at Damai Utama Kelab Century Paradise, Jalan Melawati 3, Taman Melawati, 53100 Selangor Darul Ehsan on Thursday 25 September 2003 at 10.00 a.m. for the following purposes :-

AGENDA

1. To receive and consider the Audited Financial Statements for the financial year ended 31 March 2003 together with the Reports of the Directors and the Auditors thereon. [Resolution 1]
2. To approve the payment of Directors' fees for the financial year ended 31 March 2003. [Resolution 2]
3. To elect the following Directors who retire in accordance with Article 82 and Article 89 of the Company's Articles of Association :
 - a) Encik Lokman bin Omar (Article 82) [Resolution 3]
 - b) Tuan Haji Ibrahim bin Haji Keling (Article 82) [Resolution 4]
 - c) Encik Azman bin Bachok @ Abd Majid (Article 89) [Resolution 5]
4. To re-appoint Messrs. KPMG as auditors of the Company and to authorise the Directors to fix their remuneration. [Resolution 6]
5. As Special Business, to consider and if thought fit, pass the following as an ordinary resolution :-

Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

"That subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the Kuala Lumpur Stock Exchange and other relevant governmental / regulatory authorities, where such approvals are necessary, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company ."

[Resolution 7]

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

By Order of the Board

Lim Thiam Wah, ACIS
Mah Wai Har, ACIS
Joint Secretaries

Selangor Darul Ehsan
3 SEPTEMBER 2003





NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

for the year ended 31 March 2003 (continued)

Notes :

1. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the Company, and the provisions of Section 149(1) (b) of the Companies Act, 1965 shall not apply.
3. If the appointor is a corporation, this proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
4. To be valid, this proxy form, duly completed must be deposited at the Registered Office not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS

The Proposed Ordinary Resolution 7 if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28 (2) of the Kuala Lumpur Stock Exchange Listing Requirements appended hereunder are :

1. Particulars of Directors who are standing for re-election at the Sixteenth Annual General Meeting of Pembinaan Limbongan Setia Berhad

Details	En. Lokman Bin Omar	Tuan Haji Ibrahim Bin Haji Keling	En. Azman Bin Bachok @ Abd Majid
Directorships	Executive Director	Independent & Non-Executive Director	Non-Independent & Non-Executive Director
Age	35	65	39
Nationality & Race	Malaysian/Malay	Malaysian/Malay	Malaysian/Malay
Qualification	Details as contained on page 7	Details as contained on page 7	Details as contained on page 8
Working experience & occupations	Details as contained on page 7	Details as contained on page 7	Details as contained on page 8
Other directorships of public listed companies	Nil	Nil	Nil
Attendance at Board meetings	Details as contained on page 7	Details as contained on page 7	Details as contained on page 8
Securities holdings in the Company	4,998,000 ordinary shares (Indirect)	Nil	Nil
Family relationship with any director and / or major shareholder of the Company	Details as contained on page 7	Details as contained on page 7	Details as contained on page 8
Conflict of Interest	Details as contained on page 7	Details as contained on page 7	Details as contained on page 8
Convictions of Offences	Details as contained on page 7	Details as contained on page 7	Details as contained on page 8

2. Details of the Board of Directors' Meeting

A total of 5 Board Meetings were held during the financial year ended 31 March 2003 and the details of attendance of Directors are as follows:

Name	Attendance
Dato' Amirullah Abdul Muhi Bin Mayudin (resigned on 9 April 2003)	3
Dato' Lim Kang Yew	4
Encik Lokman Bin Omar	5
Tuan Haji Ibrahim Bin Haji Keling	5
Encik Johar Bin Salim	5
Encik Hisham Bin Mahmood	4
Mr. Sum Kwai Sang	4
Madam Lim Soo San	5
Encik Azman Bin Bachok @ Abd Majid (Appointed on 1 August 2003)	-

3. Place, Date & Hour of General Meeting held during the financial year ended 31 March 2003.

Type	Date & Hour	Place
15th Annual General Meeting	26 September 2002 at 10.00 am	Damai One, Kelab Century Paradise, Jln Melawati 3, Taman Melawati, 53100 Selangor.





CORPORATE PROFILE

for the year ended 31 March 2003

PEMBINAAN LIMBONGAN SETIA BERHAD was incorporated under the Companies Act, 1965 on March 10, 1987 as a private limited company and was converted to a public limited company on 29 April 1994. The company was subsequently listed on the Second Board of the Kuala Lumpur Stock Exchange on 28 February 1995 after satisfying all the stringent flotation requirements.

Over the fifteen years since its establishment, the Company has been successfully involved in civil engineering, with emphasis on roads and highway construction, earthworks for industrial, agricultural, development and related infrastructure works.

Other areas of expertise include the construction of high rise building, schools, factories, hotels, condominiums, weighbridge stations and underwater cable stations.

Led by an experienced and dedicated management team, the Company has benefited from the numerous opportunities offered by the country's aggressive drive towards buoyant construction industry. With its ability to undertake a diverse range of civil engineering services and reputation for timely completion of projects, the company would be in an enviable and advantageous position to secure and undertake major infrastructure and turnkey projects especially from the government sector which is expected to be the largest client of the construction industry given the nation's ambitious infrastructure development plan.





CORPORATE INFORMATION

for the year ended 31 March 2003 (continued)

REGISTERED OFFICE

17 C, Wisma Limbongan Setia ,
Jalan SG 3/4,
Taman Seri Gombak
68100 Batu Caves,
Selangor Darul Ehsan
Tel: 03-6187 5288 (10 lines)
Fax: 03-6187 5289

AUTHORISED & PAID-UP CAPITAL

Authorised-RM 25.0 million
Paid-up-RM 21.78 million

BANKERS

AmBank Bhd
AmMerchant Bank Bhd
HSBC Bank Malaysia Bhd
Malayan Banking Bhd
Public Bank Bhd
RHB Bank Bhd

REGISTRATION

Pusat Khidmat Kontraktor Class A

STOCK EXCHANGE

The Kuala Lumpur Stock Exchange (Second Board)

AUDITORS

KPMG
Public Accountants
Wisma KPMG, Jalan Dungun
Damansara Heights,
50490 Kuala Lumpur
Tel: 03-2095 3388
Fax: 03-2095 0971

COMPANY SECRETARIES

Lim Thiam Wah, ACIS
Mah Wai Har, ACIS

REGISTRAR

Sectrars Services Sdn Bhd
28-1, Jalan Tun Sambanthan 3 Brickfields
50470 Kuala Lumpur
Tel: 03-2274 6133
Fax: 03-2274 1016

BOARD OF DIRECTORS

Executive Chairman

Encik Johar Salim Bin Yahaya

Managing Director

Dato' Lim Kang Yew

Directors

Encik Lokman Bin Omar
Tuan Haji Ibrahim Bin Haji Keling
Mr. Sum Kwai Sang
Encik Hisham Bin Mahmood
Madam Lim Soo San
Encik Azman Bin Bachok @ Abd Majid
(Appointed on 1 August 2003)





DIRECTORS' PROFILE

for the year ended 31 March 2003

Encik Johar Salim Bin Yahaya, Executive Chairman

Encik Johar Salim Bin Yahaya aged 50 was appointed to the Board on 4 March 1997 and as the Executive Chairman on 1 August 2003. He graduated with a Bachelor of Economics (Hons) Degree from University Malaya, Kuala Lumpur. Encik Johar started his career with Bank of America in 1976 and later moved to Malaysian French Bank in 1983. In January 1996, he joined Kumpulan Prasarana Rakyat Johor Sdn Bhd and is currently holding the post as Chief Operating Officer.

Encik Johar Salim Bin Yahaya does not have any conflict of interest nor any personal interest in any business arrangement involving the Company. He does not have any family relationship with any of the directors and / or substantial shareholders of the Company. He has no *convictions for offences over the past 10 years. He has attended 5 out of 5 Board Meetings of PLS held during the financial year ended 31 March 2003. Encik Johar Salim Bin Yahaya does not hold any shares in PLS.

Dato' Lim Kang Yew, Managing Director

Dato' Lim Kang Yew, aged 46 was appointed to the Board on 10 March 1987 and as Managing Director on 12 December 1994. He has more than 20 years of experience in the construction industry. He started with his own construction company mainly involved in civil engineering and building works and established good working relationship with some government agencies. His vast experience in this field have proven to be invaluable to the Group. He is currently also a director of several other private limited companies.

Dato' Lim Kang Yew is deemed to be interested in the related party transactions disclosed on page 55 of the Annual Report. He is related Mr Sum Kwai Sang. He has no *convictions for offences over the past 10 years. He has attended 4 out of 5 Board Meetings of PLS held during the financial year ended 31 March 2003. The interest of Dato' Lim Kang Yew in PLS is disclosed on page 28 of the Annual Report.

Encik Lokman Bin Omar , Non-Independent Executive Director

Encik Lokman Bin Omar, aged 35 was appointed to the Board on 4 December 1989. He has more than 10 years of working experience in construction field and plays an active role in the operations of the Company. Thus he has contributed tremendously to the growth of the Company. He is also director of several other private limited companies.

Encik Lokman Bin Omar is deemed to be interested in the related party transactions disclosed on page 55 of the Annual Report. He does not have any family relationship with any of the directors and / or substantial shareholders of the Company. He has no *convictions for offences over the past 10 years. He has attended 5 out of 5 Board Meetings of PLS held during the financial year ended 31 March 2003. The interest of Encik Lokman bin Omar in PLS is disclosed on page 28 of the Annual Report.

Tuan Haji Ibrahim Bin Haji Keling, Independent Non-Executive Director

Tuan Haji Ibrahim Bin Haji Keling, aged 65 was appointed to the Board on 15 November 1994. He graduated with a Bachelor of Commerce degree and a Diploma in Business Administration in 1969 both from the Victoria University of Wellington, New Zealand. He retired in 1993 where his last position held was a Management Service Department Director, FELDA. He is also sat in the Board of Perbadanan Binaan FELDA. Currently, he is a director of several other private limited companies.

Tuan Haji Ibrahim Bin Haji Keling does not have any conflict of interest nor any personal interest in any business arrangement involving the Company. He does not have any family relationship with any of the directors and / or substantial shareholders of the Company. He has no *convictions for offences over the past 10 years. He has attended 5 out of 5 Board Meetings of PLS held during the financial year ended 31 March 2003. Tuan Haji Ibrahim Bin Haji Keling does not hold any shares in PLS.





DIRECTORS' PROFILE

for the year ended 31 March 2003 (continued)

Encik Hisham Bin Mahmood, Independent Non-Executive Director

Encik Hisham Bin Mahmood aged 43 was appointed to the Board on 4 March 1997. He graduated with a Bachelor of Arts in Economics from University of Kent, Canterbury, United Kingdom. He started his career in The Corporate Advisory Department of Malaysian International Merchant Bankers Berhad and later ventured into his own family business which deals in the tender of military equipment for the Malaysian Armed Forces as well as the supply of pipelines and Tubular Goods for the Oil and Gas Industry. He is currently also a director of several other private limited companies.

Encik Hisham Bin Mahmood does not have any conflict of interest nor any personal interest in any business arrangement involving the Company. He does not have any family relationship with any of the directors and / or substantial shareholders of the Company. He has no *convictions for offences over the past 10 years. He has attended 4 out of 5 Board Meetings of PLS held during the financial year ended 31 March 2003. Encik Hisham Bin Mahmood does not hold any shares in PLS.

Mr Sum Kwai Sang, Non-Independent Non-Executive Director

Mr Sum Kwai Sang, aged 63 was appointed to the Board of PLS on 6 December 1995. He has contributed significantly to the growth of the Company with his vast business experience in banking and operations fields since his retirement in 1995. Currently he also a director of several private limited companies.

Mr Sum Kwai Sang, does not have any conflict of interest nor any personal interest in any business arrangement involving the Company. He is related to Dato' Lim Kang Yew. He has no *convictions for offences over the past 10 years. He has attended 4 out of 5 Board Meetings of PLS held during the financial year ended 31 March 2003. Mr Sum Kwai Sang, does not hold any shares in PLS.

Madam Lim Soo San, Independent Non-Executive Director

Madam Lim Soo San, aged 33, joined the Board on 16 November 2001. She holds a Bachelor of Accounting Degree from RMIT University, Melbourne, Australia and a Master in Business Administrative majoring in Finance from University of Hull, England. She is a member of CPA Australia and the Malaysian Institute of Accountants. Her career includes a 5 years stay with a leading accounting firm and held a senior managerial position in a medium size construction company. She is currently an Executive Director of a trading company.

Madam Lim Soo San does not have any conflict of interest nor any personal interest in any business arrangement involving the Company. She does not have any family relationship with any of the directors and / or substantial shareholders of the Company. She has no *convictions for offences over the past 10 years. She has attended 5 out of 5 Board Meetings of PLS held during the financial year ended 31 March 2003. Madam Lim Soo San does not hold any shares in PLS.

Encik Azman Bin Bachok @ Abd Majid, Non-Independent Non-Executive Director

Encik Azman Bin Bachok @ Abd Majid, aged 39, was appointed to the Board on 1 August 2003. He started his career as Bank Officer with Arab-Merchant Bank Berhad (AMMB) from 1987 to 1989 and later become a lecturer at the Management Faculty, Universiti Teknologi Malaysia from January to September 1990. In October 1990, Encik Azman Bin Bachok @ Abd Majid returned to the banking line as Assistant Branch Manager of Arab-Malaysia Finance Berhad, Johor Bahru Branch. In 1993 he rejoined AMMB, he last position was Head of Credit / Assistant Manager, Banking before he joined Kumpulan Prasarana Rakyat Sdn Bhd (KPRJ) as Senior Treasury Manager in June 1996. Encik Azman Bin Bachok @ Abd Majid assumed his position as General Manager, Operation of KPRJ since January 2000. He also represents KPRJ as director of various subsidiary and associated companies of KPRJ.

Encik Azman Bin Bachok @ Abd Majid does not have any conflict of interest nor any personal interest in any business arrangement involving the Company. He does not have any family relationship with any of the directors and / or substantial shareholders of the Company. He has no *convictions for offences over the past 10 years. Encik Azman Bin Bachok @ Abd Majid does not hold any shares in PLS.

* convictions other than traffic offences



EXECUTIVE CHAIRMAN'S STATEMENT

for the year ended 31 March 2003



On behalf of the Board of Directors,
I am pleased to present to you
the Annual Report and
Financial Statements of
the Group and the Company for
the financial year
ended 31 March 2003.

Industry Trends and Development

Growth in the construction sector was sustained at 2.3% in 2002, underpinned by the growth in the civil engineering sub-sector as government spending on public projects continued. However, the repatriation of illegal foreign workers had a temporary softening impact on the sector. Construction sector activity in the first quarter of 2003 expanded by 1.2% supported by public sector projects and continued demand for housing, amidst an improving labour situation. The return of foreign workers enhanced expansion in the construction activity.

Financial Results

The Group's results for the year ended 31 March 2003 remain satisfactory, having met the key corporate objectives set for the year. The Group's revenue rose to RM 93.6 million as compared to RM 57.9 million as recorded in the last financial year. The profit after tax have improved to RM4.0 million as compared to a loss after tax of RM6.0 million in the previous year.

The increased in the Group's turnover and profit were mainly from the construction sector and attributed from the ongoing projects such as Infrastructural Work at Bandar Proton City, three "Sekolah Menengah Teknik" projects and Mukim Pegoh, Daerah Alor Gajah, Melaka. The Net Tangible Asset of the Group also have improved to RM 0.96 as compared to RM 0.78 as reported in the last financial year.

Proposed Corporate Exercise

I wish to express that on 26 November 2002, the Securities Commission has approved the Company's proposed renounceable rights issue of up to 43,560,000 new ordinary shares of RM 1.00 each on the basis of two (2) new ordinary shares of RM1.00 each for every one (1) existing ordinary share of RM1.00 in the Company together with the proposed increase in authorised share capital of the Company from RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each to RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each.

Subsequently, on 9 June 2003, the Company has obtained a further extension of time of six months from 26 May 2003 to 25 November 2003 for the implementation of the Proposed Rights Issue.

The shareholders of the Company also have approved the following resolutions in the Extraordinary General Meeting held on 3 June 2003 :-

- i. Privatisation of the management, operation and maintenance of the Ladang Hutan Ulu Sedili in Johor Darul Ta'zim by the State Government of Johor Darul Ta'zim ("State Government") to YPJ Holdings Sdn. Bhd. ("YPJH") which shall be undertaken by YPJH and the Company jointly through a joint venture company, known as Aramijaya Sdn. Bhd. ("Aramijaya"), in which YPJH and the Company shall hold thirty per cent (30%) and seventy per cent (70%) equity interest respectively ("Privatisation"); and





EXECUTIVE CHAIRMAN'S STATEMENT

for the year ended 31 March 2003 (continued)

- ii. Advance by the Company to Aramijaya for the full settlement of RM12,129,597.02 together with interest accrued thereon at eight per cent (8.0%) owing by Aramijaya to Limbongan Resources Sdn Bhd, a substantial shareholder of PLS ("Advance").

On the same day, the Company also executed a corporate guarantee agreement whereby the Company shall provide a corporate guarantee in favour of the State Government for the repayment by Aramijaya of the Privatisation Consideration of RM 62,269,805 to the State Government, in accordance with the terms and conditions of the Privatisation Agreement dated 4 December 2002.

Prospects

Despite of the aftermath of Iraq war and Severe Acute Respiratory Syndrome (SARS), the Group would continue to keep itself abreast of changing trends and market conditions in facing the growing competition in the construction industry.

Baring unforeseen circumstances, the Board expects the Group's performance for the coming financial year to achieve better results in the construction sector with an order book in hand of RM151.2 million.

Dividend

No dividend has been recommended for the year ended 31 March 2003.

Appreciation

On behalf of the Board and Management, I wish to express our special thanks to Dato' Amirullah Abdul Muhi Bin Mayudin, our former Chairman for his contribution during his tenure as a Chairman and to welcome Encik Azman Bin Bachok @ Abd Majid to our Board.

I wish to express my sincere appreciation to our loyal shareholders, bankers, management and staff for their continued confidence and support to the Group.

ENCIK JOHAR SALIM BIN YAHAYA
3 SEPTEMBER 2003

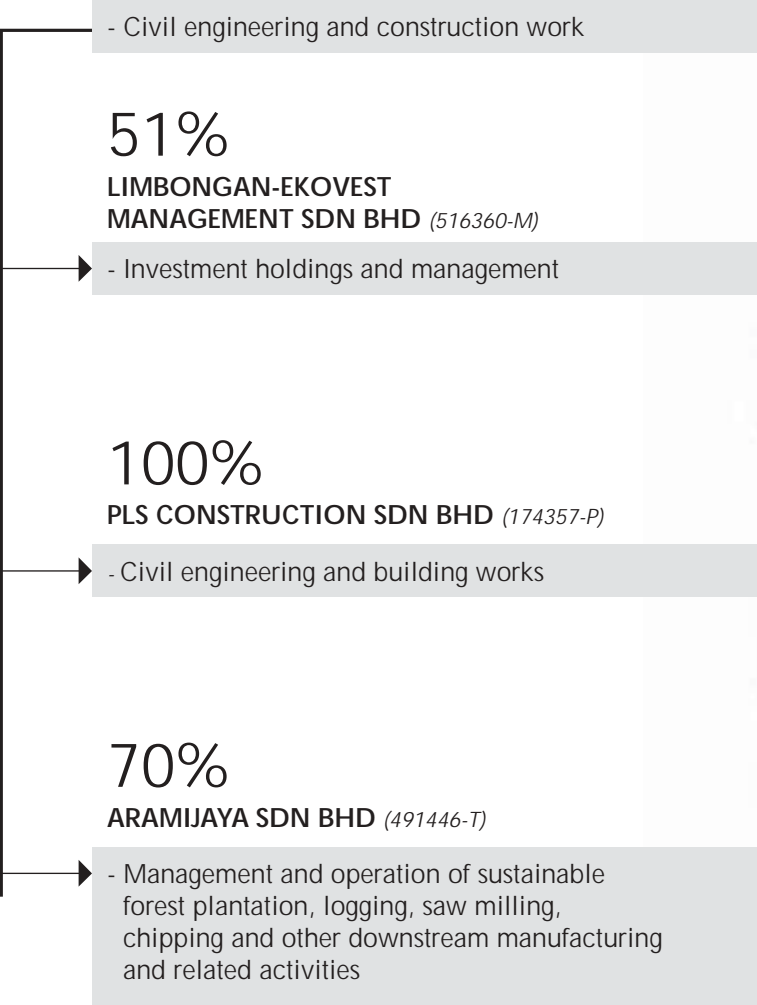


GROUP CORPORATE STRUCTURE



PEMBINAAN LIMBONGAN SETIA BERHAD

(Company No. 160032-K)



(Acquisition on 3 June 2003)





PEMBINAAN LIMBONGAN SETIA BERHAD
(Company No. 160032K)





PEMBINAAN LIMBONGAN SETIA BERHAD

(Company No. 1600374)



STATEMENT ON CORPORATE GOVERNANCE

for the year ended 31 March 2003

BOARD OF DIRECTORS

The Board

Experienced and qualified members of the Board with a wide range of business, construction and financial backgrounds, lead Pembinaan Limbongan Setia Bhd (PLS). The wide spectrum of skills and experience of the Directors have brought expertise and perspective to the leadership of PLS. Profile of each of the Directors of the Company is provided from page 7 to 8 of the Annual Report.

The Board of Directors is responsible to ensure that PLS and its Group of Companies are in compliance with the Malaysian Code of Corporate Governance. The Board is also responsible for the policies and general affairs of PLS and retains full and effective control of the Company.

Composition

The Board of Directors of PLS, led by an Executive Chairman, is made up of 8 members in total, comprising of 3 Executives Directors, 5 Non-Executive Directors including 3 Independent Non-Executive Directors.

Board Balance

Affirmative actions have been taken by the Board to ensure that qualified independent individuals are appointed as Directors of the Company. The current composition of the Board is in compliance with the Malaysian Code of Corporate Governance and the Kuala Lumpur Stock Exchange (KLSE) Listing Requirements.

Size of Non Executive Participation

To ensure Board balance, the Directors have given close consideration to the size of the non executive participation in the Board. With the current composition of the Board, no individual or group of individuals is allowed to dominate the Board's decision making. The Directors' composition reflects the representation of the interest of the shareholders interest of the Company.

BOARD MEETINGS

Frequency of Meetings

The Board meets on a scheduled basis at least four times a year. However additional meetings are convened from time to time as and when required.

Attendance

During the financial year ended 31 March 2003, a total of 5 Board meetings were held. Details of attendance of the Directors are as follows:

Members of the Board	Attendance
Dato' Amirullah Abdul Muhi Bin Mayudin (resigned on 9.4.2003)	3/5
Dato' Lim Kang Yew	4/5
Tuan Haji Ibrahim Bin Haji Keling	5/5
Encik Lokman Bin Omar	5/5
Encik Johar Salim Bin Yahaya	5/5
Mr. Sum Kwai Sang	4/5
Encik Hisham Bin Mahmood	4/5
Madam Lim Soo San	5/5
Encik Azman Bin Bachok @ Abd Majid (Appointed on 1 August 2003)	-





STATEMENT ON CORPORATE GOVERNANCE

for the year ended 31 March 2003 (continued)

Conduct of Meetings

It has been the practice of the Board that where a potential conflict of interest does arise, it is mandatory for the Director concerned to declare his interests and abstain from decision-making process.

The Board has access to the advice and services of the Company Secretaries who are responsible for ensuring that the Board of Directors' Meetings are conducted in accordance with procedures and that all applicable rules and regulations are adhered to. The Company Secretaries maintain minutes and record all resolutions passed at the Board of Directors Meetings.

Supply of Information

Head of each units, departments, divisions and wholly-owned subsidiaries of the Company is required to submit its report at each scheduled Board Meetings where required.

Access to Information

Prior to the Board Meeting, all directors are sent the Board Papers based on the agenda to be discussed at the meeting. Additional information will be provided as appropriate. Board Papers include information on major financial, operational and corporate matters as well as on the activities and performance of the Group and Company. This is in addition to the schedule of matters specifically reserved for the Board's decision.

Access to Advice

Every member of the Board is given unlimited access to all staff of the Group and Company to obtain any information pertaining to the Company's or the Group's affair. In addition to the advice and services of the Company Secretaries, the Directors may also seek independent advice from external source should the need arise.

Appointment and Re-election of Directors

The KLSE Listing Requirements provides that each Director, including the Managing Director and/or Executive Directors, must retire from office at least once in every three years and he/she can offer himself/herself for re-election. Directors who are newly appointed by the Board are subject to re-election by the shareholders at the Annual General Meeting held following their appointment.

Nomination Committee

Matters concerning nomination of new directors are considered by the Nomination Committee. The Nomination Committee of PLS consists of 3 Independent Non-Executive Directors. The Committee works under clearly defined terms of reference, which has been approved by the Board.

Remuneration Committee

Matters concerning the remuneration of the Executive Directors are being considered by the Remuneration Committee. The Remuneration Committee of PLS consists of 3 Independent Non-Executive Directors and 1 Executive Director. The Committee works under clearly defined terms of reference, which has been approved by the Board.

Mandatory Accreditation Training Programme

The Company had made arrangement for all new Directors to attend the mandatory Accreditation Training Programme prescribed by the Kuala Lumpur Stock Exchange. All present directors of PLS save and except for Encik Azman Bin Bachok @ Abd Majid have since successfully completed the said programme. There were no new directors appointed during current financial period under reviewed.



STATEMENT ON CORPORATE GOVERNANCE

for the year ended 31 March 2003 (continued)

Director's Remuneration

The Board as a whole determines the remuneration of each Director upon recommendation of the Remuneration Committee. Directors do not participate in decisions regarding their own remuneration packages. Directors' fees are approved at the Annual General Meeting by the shareholders.

PLS remuneration policy and procedures are reviewed and approved by the Remuneration Committee.

Details of the remuneration of the Directors of PLSB during the financial year ended 31 March 2003 are as follows:

	Fees (RM)	Salaries (RM)	Bonus (RM)	Benefit in kinds (RM)	Other emoluments (RM)	Total (RM)
Executive Directors	-	580,059	32,820	54,650	-	667,529
Non-Executive Directors	25,000	-	-	-	-	25,000

The number of Directors whose total remuneration falls within the following band:

Range of Remuneration	Number of Directors	
	Executive	Non Executive
Up to RM50,000	1	5
RM100,000 to RM150,000	1	-
RM400,000 to RM450,000	1	-

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements to the shareholders, investors and regulatory authorities, the Directors aim at presenting a balanced and understandable assessment of the position and prospects of the Company and the Group. The Statement of Directors pursuant to Section 169 of the Companies Act, 1965 is set out at page 30 of this Annual Report.

Relationship with External Auditors

The Group and Company has established a professional relationship with the external auditors. The external auditors attend the Audit Committee Meetings at least once a year and meet the Committee without the presence of the management. The external auditors are given access to books and records of the Group and Company at all times.

RELATIONSHIP WITH SHAREHOLDERS

Dialogue between Company and Investors

PLS recognises its responsibility to its shareholders. The timely release of quarterly financial results of the Group and Company and the issue of the Group and Company's Annual Reports provide regular information on the state of affair of the Group and Company. These together with announcements to the Exchange, circular to shareholders and, where appropriate, ad-hoc press statements and interviews are principal channels for dissemination of information to shareholders, investors and the public in general.





STATEMENT ON CORPORATE GOVERNANCE

for the year ended 31 March 2003 (continued)

Annual General Meeting

Notice of Annual General Meeting and the Annual Report are sent out to the shareholders in accordance with the time period prescribed by law.

The shareholders are encourage to attend the Annual General Meeting as it serves as an important avenue for the shareholders to communicate with the members of the Board. The Chairman includes in his agenda and allocates time for a question and answer session for each item in the agenda, whereby shareholders have the opportunity to raise questions, and seek clarification on business and performance of the Group and Company. The Chairman will respond to any questions raised during the meeting.

Compliance with the Code on Corporate Governance and Kuala Lumpur Stock Exchange Listing Requirements.

The Board of Directors is committed to ensure that Corporate Governance are observed and practised by PLS and its Group of Companies so that the affairs of the Group are conducted with integrity, full transparency and professionalism with the main objective of safeguarding the interest of shareholders'.

The Group and Company was in compliance throughout the financial year ended 31 March 2003 with the principles and best practices of corporate governance and the Kuala Lumpur Stock Exchange requirements except the following:

Ref. to the Code	Details	Reasons
Part 1, BIII	Details of individual directors' remuneration are not disclosed.	The Board is of the opinion that the existing information on directors' remuneration is sufficient to cater to the transparency and accountability of the Malaysian Code on Corporate Governance.



STATEMENT ON CORPORATE GOVERNANCE

for the year ended 31 March 2003 (continued)

Other Information

(i) Utilisation of Proceeds

The Company did not raise funds through any corporate proposals during the financial year. As disclosed in the financial statement, the Company revised the earlier proposed rights issue and proposed increase in authorised share capital as follows:

	Existing Capital Structure RM'000	Basis	Addition/ Creation RM'000	Capital Structure after Addition /Creation RM'000
Ordinary Shares	21,780	Two (2) new shares for one (1) existing share at RM1.00 per share	43,560	65,340
Authorised Share Capital	25,000	-	175,000	200,000

The proposed utilisation of the proceeds of RM43,560,000 would be for future project financing and working capital purposes. The Securities Commission approved the above revised proposed rights issue and proposed increase in authorised share capital and extend the timeframe to implement the rights issue to 25 November 2003. The Company has not implemented the above at the end of the financial year.

(ii) Share Buyback

The Company did not carry out any share buy back during the financial year.

(iii) Options, Warrants or Convertible Securities

The Company did not issue and options, warrants or convertible securities during the financial year.

(iv) American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") Programme

The Company did not participate in any ADR or GDR Programme during the financial year.

(v) Sanctions/Penalties Imposed

There were no sanctions/penalties imposed during the financial year.

(vi) Non-audit fees

There were no non-audit fees paid to the external auditors by the Company for the financial year except the following:

	RM
Reporting Accountants for the Proposed Rights Issue and Proposed Increase in Authorised Capital	42,000

(vii) Profit Estimation, Forecast or Projection

There is no material variance between the result for the financial year and the unaudited result previously announced. The Company did not make any profit estimate, forecast or projection for the financial year.

(viii) Profit Guarantees

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





STATEMENT ON CORPORATE GOVERNANCE

for the year ended 31 March 2003 (continued)

Other Information (continued)

(ix) Material Contracts

There were no material contracts entered into by the Group involving directors' and major shareholders' interest except the following:

Privatisation of the management, operation and maintenance of Ladang Hutan Ulu Sedili in Johor Darul Takzim by the State of Johor Darul Takzim ("State Government") to YPJ Holdings Sdn bhd ("YPJH") which shall be undertaken by YPJH and the Company jointly through a joint venture company, known as Aramijaya Sdn Bhd ("Aramijaya") in which YPJH and the Company holds thirty percent (30%) and seventy percent (70%) respectively.

(x) Contracts relating to Loans

There were no contracts relating to loans made by the Company in respect of the above-mentioned contracts except the following:

Advance by the Company to Aramijaya for the full settlement of RM12,129,597 together with interest accrued thereon at eight percent (8%) per annum owing by Aramijaya to Limbongan Resources Sdn Bhd, a substantial shareholder of the Company.

The Company also executed a corporate guarantee agreement whereby the Company shall provide a corporate guarantee in favour of the State Government for the repayment by Aramijaya of the Privatisation Consideration of RM62,269,805 to the State Government, in accordance with the terms of the Privatisation Agreement dated 4 December 2003.

(xi) Revaluation policy

The Company did not adopt any revaluation policy on landed properties.





STATEMENT ON INTERNAL CONTROL

for the year ended 31 March 2003

The Board has overall responsibility for the Group and Company's system of internal controls and for reviewing its adequacy and integrity. Such a system however can only provide reasonable and not absolute assurance because of limitation inherent in any system of internal controls against material mis-statements or fraud and is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board are in the midst of establishing key activities necessary to ensure that the process for reviewing and reporting on the adequacy and integrity of the system of internal control are defined, appropriately documented, and monitored or reviewed on a regular basis.

The Board has also directed the establishment of Risk Management Taskforce to formalise a comprehensive Risk Management Framework encapsulating the policies governing the parameters of risk management and procedures to direct the risk management process of the Group and Company.

This formalised assessment takes into account all significant aspects of internal control including risks management, the control environment and control activities, information and communication and monitoring. Key business risks have been categorised to highlight the source of the risk, and scored to reflect both financial and reputational impact of the risk and the likelihood of its occurrence.

Following from the above, the Audit Committee will develop a monitoring and reporting process to continuously evaluate and monitor the significant risks in a formalised manner, which would entail the establishing procedures for reporting and monitoring of risk and controls. Regular reviews will be conducted on a quarterly basis with additional reviews as and when required.

These initiatives would ensure that the Group and Company has in place a formalised ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives.

The Group and Company's system of internal controls comprises the following key elements which are monitored:

1. Project Budget

Budget is prepared for each project undertaken by the Group and Company to facilitate monitoring of the Group and Company's financial performance. The Management headed by the Managing Director reviews and monitors, the achievements of the Group and Company's performance and reports to the Board.

2. Financial Limits and Approving Authority

The Board had established Limit of Authorities defining authorization limits for its revenue and capital expenditure to ensure all revenue and capital expenditure are in line with the Group and Company's overall strategies and objectives.

3. Policies, Procedures and Guidelines

There exists principal tendering and procurement policies, procedures and guidelines.

4. Information and Communication

Adequate financial and operational information systems are in place to capture and present timely and pertinent internal and external business information. Clear reporting structure ensures financial (monthly management accounts) and operational reports are periodically prepared and presented to Management or Board for discussion and review on a timely basis.





STATEMENT ON INTERNAL CONTROL

for the year ended 31 March 2003 (continued)

5. Internal Audit

The internal audit function of the Group and Company was outsourced to a professional services provider, which, reports to the Audit Committee the findings, its recommendation and corrective actions taken by Management in the discharge of its duties and responsibilities. The internal audit function is independent of the activities being audited and has the role of providing independent and objective reports on the Group and Company's management, records, accounting policies and internal controls to the Board. Internal audits include the evaluation of the processes by which significant risks are identified, assessed and managed. Such audits also ensure instituted controls are appropriate, effectively applied and are within acceptable risks exposures.

6. Board/Management Committees and Meetings

(i) Audit Committee

The Board has established an Audit Committee comprising of 3 Independent Non-Executive Directors and 1 Executive Director. Details of composition, terms of reference and report of the Audit Committee are provided from page 23 to 25 of this Annual Report. The recommendations of the Audit Committee are tabled to the Board for its approval.

(ii) Project and Financial Meetings

Project and Financial Meetings chaired by the Managing Director and attended by senior management staff are held on a weekly basis. The senior management will present their respective project review, operation performance review and the progress of the project undertaken. The Accountant will also present the overall Group and Company's cashflow position at this meeting.

Control Issue

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.





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

for the year ended 31 March 2003

The Directors are required by the Companies Act, 1965 to prepare financial statements, which give a true and fair view of the state of affairs of the Group and Company as at end of each financial year and of their results and cashflow for the year then ended.

The Directors consider that in preparing the financial statements,

- the Group and the Company have used appropriate accounting policies, which are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

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

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.





REPORT ON AUDIT COMMITTEE

for the year ended 31 March 2003

The Audit Committee was established by the Board of Directors on 16 November 1994. The Audit Committee comprises of the following directors:

Chairman

- 1 Tuan Haji Ibrahim Bin Haji Keling
(Independent Non-Executive Director)

Members

- 2 Dato' Lim Kang Yew
(Non-Independent Executive Director)
- 3 Encik Hisham Bin Mahmood
(Independent Non-Executive Director)
- 4 Madam Lim Soo San (MIA member)
(Independent Non-Executive Director)

TERMS OF REFERENCE

The terms of reference of the Audit Committee are as follows:

1. Size and Composition

The Board shall by resolution appoint members to the Audit Committee, which shall comprise of at least three directors, the majority of whom shall be non-executives and independent.

The Committee shall elect a chairperson from among its members who is not an executive directors or employee of the Company or any related corporation.

2. Meetings

The Committee may invite any person to attend the meetings.

A quorum shall be two members both being independent directors. The Company Secretary or any person appointed by the Committee for this purpose shall act as secretary of the Committee.

3. Authority

The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

4. Access

The Committee shall have unlimited access to all information and documents relevant to its activities, to the internal and external Auditors, and to senior management of the Company and its subsidiaries. The Committee is also authorized to take such independent professional and legal advice as it considers necessary.





REPORT ON AUDIT COMMITTEE

for the year ended 31 March 2003 (continued)

FUNCTIONS OF AUDIT COMMITTEE

The functions of the Audit Committee shall be:

- 1 Review the following and report the same to the board of directors of the Company:
 - a. with the external auditor, the audit plan;
 - b. with the external auditor, his evaluation of the system of the internal controls;
 - c. with the external auditor, his audit report;
 - d. the assistance given by the employees of the company to the external auditor;
 - e. the adequacy of the scope, functions and resources of the internal audit functions and the necessary authority to carry out its work;
 - f. the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - g. the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:-
 - i. changes in or implementation of major accounting policy changes;
 - ii. significant and unusual events; and
 - iii. compliance with the accounting standards and other legal requirements;
 - h. any related party transaction 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. any letter of resignation from the external auditors of the Company; and
 - j. whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for reappointment; and
- 2 Recommend the nomination of a person or persons as external auditors.

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE

The Committee meets on quarterly basis with additional meetings held as and when necessary. A total of 5 meetings were held during the financial year ended 31 March 2002. The representatives of External Auditors, Head of Internal Audit, the Company Secretaries and the Head of Group Finance were invited to meetings during deliberations, which required their input and advice.

During the financial year ended 31 March 2003, the activities of the Audit Committee covered, among others, the following:-

1. Reviewed financial statements including quarterly financial announcements to the Kuala Lumpur Stock Exchange and year end financial statements and recommend the same for approval by the Board of Directors, upon being satisfied that, inter alia, the financial reporting and disclosure requirements of the relevant authorities had been complied with.
2. Reviewed the external auditors' reports in relation to their audit findings and the accounting issues arising from the audit.
3. Reviewed audit plan prepared by the external auditors before the audit commences in respect of the audit for the financial year ended 31 March 2003.
4. Reviewed audit fees of the external auditors in respect of the audit for the financial year ended 31 March 2003.
5. Reviewed the annual internal audit plan for the year including its scope, basis of assessments and risks ratings of the proposed areas of audit.
6. Reviewed audit reports prepared by the internal auditors and the consideration of the major findings and the management's response thereto.





REPORT ON AUDIT COMMITTEE

for the year ended 31 March 2003 (continued)

NUMBER OF AUDIT COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR AND DETAILS OF ATTENDANCE OF EACH AUDIT COMMITTEE MEMBER.

During the year ended 31 March 2003, the Committee met 5 times. The attendances of the members of the Committee meetings during the financial year under review are as follows:

Name of Committee Member	Attendance
Tuan Haji Ibrahim Bin Haji Keling	4/5
Dato' Lim Kang Yew	4/5
Encik Hisham Bin Mahmood	4/5
Madam Lim Soo San	5/5

INTERNAL AUDIT FUNCTIONS

The internal audit function of the Group and Company was outsourced to a professional services provider with the primary objective of monitoring a sound and systematic method of internal controls over the Group and Company, at a reasonable cost.

During the year, the internal auditors had carried out audits according to the internal audit plan, which had been approved by the Audit Committee. Internal audits were done on:

- Tender & Selection of Contractors/Suppliers cycle with the objective of ensuring adequate policies and procedures are in place for tendering process and fair selection of suitable sub-contractors/suppliers to support the Company business objectives.
- Project Planning & Monitoring cycle with the objective of ensuring adequate policies and procedures are in place for projects to be completed in accordance to contract awarded to support the Company business objectives.
- Other cycles with the objective of ensuring adequate policies and procedures are in place for human resource management and cash management to support the Company business objectives.

The resulting reports from the audits undertaken were forwarded to the Management for attention and necessary corrective actions as recommended. The Management is responsible for ensuring that corrective actions on reported weaknesses are taken within the required time frame.

