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Notice of Seventeenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth 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 Tuesday, 28 September 2004 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 2004 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 2004. [Resolution 2]
3. To re-elect the following Directors who retire in accordance with the Company's Articles of Association :
 - a) Dato' Lim Kang Yew (Article 117) [Resolution 3]
 - b) Mr Sum Kwai Sang (Article 82) [Resolution 4]
 - c) Dato' Lim Kang Hoo (Article 89) [Resolution 5]
4. To declare a first and final dividend of 3% per ordinary share less 28 %income tax for the financial year ended 31 March 2004. [Resolution 6]
5. To re-appoint Messrs. KPMG as auditors of the Company and to authorise the Directors to fix their remuneration. [Resolution 7]
6. As Special Business, to consider and if thought fit, to pass the following ordinary resolutions with or without modifications :-

ORDINARY RESOLUTION 1

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 Bursa Malaysia Securities Berhad 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 8]

ORDINARY RESOLUTION 2

Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature with the seven (7) related parties as per paragraph 3.3 (i) - (vii) of the Circular to Shareholders

"That authority be and is hereby given pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in

paragraph 3.4 of the Circular to Shareholders dated 6th of September 2004 with the related parties listed in paragraph 3.3 of the Circular to Shareholders dated 6th of September 2004 which are necessary for the day-to-day operations, in the ordinary course of business, made at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those normally available to the public and are not to the detriment of the minority shareholders;

And that authority conferred by this Mandate shall commence immediately upon the passing of this resolution and is subject to annual renewal. In this respect the authority shall only continue to be in force until:

- i. the conclusion of the next Annual General Meeting of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at that Annual General Meeting;
 - ii. the expiration of the period within which the next Annual General Meeting after the date, it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but not extending to such extensions as may be allowed pursuant to Section 143 (2) of the Companies Act, 1965); or
 - iii. revoked or varied by resolution passed by the shareholders in general meeting,
- whichever is earlier". [Resolution 9]
7. 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.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Seventeenth Annual General Meeting, a first and final dividend of 3% per ordinary share less 28% income tax will be payable on 20th of December 2004 to depositors registered in the Record of Depositors at the close of business on 10th of December 2004.

FURTHER NOTICE IS HEREBY GIVEN that a Depositor shall qualify for entitlement to dividend only in respect of :-

- Shares transferred into the depositor's securities account before 4.00 p.m. on 10th of December 2004 in respect of ordinary transfers; and
- Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By Order of the Board

LIM THIAM WAH, ACIS
MAH WAI HAR, ACIS
JOINT SECRETARIES

SELANGOR DARUL EHSAN
6 SEPTEMBER 2004

Notice of Seventeenth Annual General Meeting (continued)



Notice of Seventeenth Annual General Meeting (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

- i. The Proposed Ordinary Resolution 8 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.
- ii. The Proposed Ordinary Resolution 9, if passed, will authorize the Group to enter into recurrent related party transactions as specified in the Circular to shareholders dated 6th of September 2004, provided that such transactions are of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business made at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.



Statement Accompanying Notice Of Annual General Meeting

Pursuant to Paragraph 8.28 (2) of the Bursa Malaysia Listing Requirements appended hereunder are :

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

Details	Dato' Lim Kang Yew	Sum Kwai Sang	Dato' Lim Kang Hoo
Directorships	Managing Director	Non-Independent & Non-Executive Director	Non-Independent & Non-Executive Director
Age	47	64	49
Nationality & Race	Malaysian/Chinese	Malaysian/Chinese	Malaysian/Chinese
Qualification	Details as contained on page 6	Details as contained on page 6	Details as contained on page 6
Working experience & occupations	Details as contained on page 6	Details as contained on page 6	Details as contained on page 6
Other directorships of public listed companies	Nil	Nil	1. Ekovest Berhad Group 2. Knusford Berhad Group
Attendance at Board meetings	Details as contained on page 6	Details as contained on page 6	Details as contained on page 6
Securities holdings in the Company	9,295,000 ordinary shares	Nil	Nil
Family relationship with any director and/or major shareholder of the Company	Details as contained on page 6	Details as contained on page 6	Details as contained on page 6
Conflict of Interest	Details as contained on page 6	Details as contained on page 6	Details as contained on page 6
Convictions of Offences	Details as contained on page 6	Details as contained on page 6	Details as contained on page 6

Place, Date & Hour of General Meeting held during the financial year ended 31 March 2004.

Type	Date & Hour	Place
Extraordinary General Meeting	3 June 2003 at 10.00 a.m.	Damai Utama, Kelab Century Paradise, Jln Melawati 3, Taman Melawati, 53100 Selangor.
16th Annual General Meeting	25 September 2003 at 10.00 a.m.	Damai Utama, Kelab Century Paradise, Jln Melawati 3, Taman Melawati, 53100 Selangor.
Extraordinary General Meeting	25 September 2003 at 10.30 a.m.	Damai Utama, Kelab Century Paradise, Jln Melawati 3, Taman Melawati, 53100 Selangor.



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 200.0 million

Paid-up-RM 65.34 million

BANKERS

AmBank Bhd

AmMerchant Bank Bhd

EON Bank Bhd

Malayan Banking Bhd

Public Bank Bhd

RHB Bank Bhd

REGISTRATION

Pusat Khidmat Kontraktor Class A

STOCK EXCHANGE

Bursa Malaysia Securities Berhad (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

Mr. Lim Thiam Wah, ACIS

Madam 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

Dato' Lim Kang Hoo

Mr. Sum Kwai Sang

Encik Azman Bin Bachok @ Abd Majid

Dato'Hj Ibrahim Bin Haji Keling

Encik Hisham Bin Mahmood

Madam Lim Soo San



Directors' Profile

Encik Johar Salim bin Yahaya – Executive Chairman

Encik Johar Salim bin Yahaya aged 51 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 Executive 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. Encik Johar Salim bin Yahaya does not hold any shares in PLS.

Dato' Lim Kang Yew – Managing Director

Dato' Lim Kang Yew, aged 47 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 56 of the Annual Report. He is the brother of Dato' Lim Kang Hoo and a brother-in-law to Mr Sum Kwai Sang. The interest of Dato' Lim Kang Yew in PLS is disclosed on page 21 of the Annual Report.

Dato' Lim Kang Hoo – Non-Independent Non-Executive Director

Dato' Lim Kang Hoo, aged 49 was appointed to the Board on 28 May 2004. He is a businessman with over 28 years of experience in the construction and machinery related industry. He started his career soon after completing his secondary education. His dynamism and vision coupled with hard work saw the companies that he lead grow by leaps and bound. Ekovest Bhd and Knusford Berhad which are listed in the Main Board of Bursa Malaysia Securities Berhad are results of his involvement. At present, he is the Executive Vice-Chairman of Ekovest Bhd and an Executive Director of Knusford Berhad. He currently also a director of several other private limited companies.

Dato' Lim Kang Hoo is deemed to be interested in the related party transactions disclosed on page 56 of the Annual Report. He is the brother of Dato' Lim Kang Yew and a brother-in-law to Mr Sum Kwai Sang. Dato' Lim Kang Hoo does not hold any shares in PLS.

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

Mr Sum Kwai Sang, aged 64 was appointed to the Board of PLS on 6th of 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 and Dato' Lim Kang Hoo. Mr Sum Kwai Sang, 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 40, was appointed to the Board on 1 August 2003. He started his career as Bank Officer with Am-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 Am Finance Berhad, Johor Bahru Branch. In 1993 he rejoined AMMB. His last position was Head of Credit / Assistant Manager, Banking before he joined Kumpulan Prasarana Rakyat Johor Sdn Bhd (KPRJ) as Senior Treasury Manager in June 1996. Encik Azman bin Bachok @ Abd Majid assumed his current 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. Encik Azman bin Bachok @ Abd Majid does not hold any shares in PLS.

Dato'Hj Ibrahim bin Haji Keling – Independent Non-Executive Director

Dato'Hj Ibrahim bin Haji Keling, aged 66 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 also attended a Senior Management Course at Cambridge University, England in 1975/1976. He retired in 1993 where his last position held was a Management Service Department Director, FELDA. He is also sat in the Board of Perbandanan Binaan FELDA. Currently, he is a director of several other private limited companies.

Dato'Hj 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. Tuan Haji Ibrahim bin Haji Keling does not hold any shares in PLS.

Encik Hisham bin Mahmood – Independent Non-Executive Director

Encik Hisham bin Mahmood aged 44 was appointed to the Board on 4 March 1997. He graduated with a Bachelor of Arts Degree 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. Encik Hisham bin Mahmood does not hold any shares in PLS.

Madam Lim Soo San – Independent Non-Executive Director

Madam Lim Soo San, aged 34, 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. Madam Lim Soo San does not hold any shares in PLS.

All the Directors have no convictions other than traffic offences over the past 10 years.



Executive Chairman's Statement

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 31st March 2004.

Industry Trends and Development



The outbreak of war in Iraq and the Severe Acute Respiratory Syndrome (SARS) in early 2003 threatened Malaysia's on going economy recovery. However, in May 2003 the Government implemented a RM 7.3 billion stimulus package to respond to these two developments with raft mitigating measures. Due to the Government's timely initiatives and measures, the growth momentum of the Malaysia economy continued to be sustained.

Malaysia's real Gross Domestic Product recorded a robust 7.6% growth in the first quarter of 2004, compared to 4.6% in the corresponding quarter of 2003. This is the highest growth recorded since the third quarter of 2000. In current prices, this increase gave rise to a double-digit expansion of 10.2%.

The construction sector registered a marginal growth of 0.6% in 1st Quarter 2004 after a growth of 2.7% in the previous quarter. Absence of new infrastructure projects largely contributed to the moderation in this sector. (Source : Malaysia Economic Report 1st Quarter 2004)

Financial Results

For the financial year ended 31 March 2004 the Group's revenue rose to RM 104.7 million, an increase of 11.9% from RM 93.6 million generated in the previous year. The profit before tax has improved to RM 5.3 million from RM 3.1 million in the previous year.

The increased in the Group's turnover and profit were mainly from the construction sector and attributed to the ongoing infrastructure and building construction projects at various locations within Malaysia. The newly acquired timber-based operation under the 70% subsidiary, Aramijaya Sdn Bhd, has achieved maiden profit before tax of RM 0.7 million from sales of logs and sawn timbers

Corporate Exercise

The Proposed Rights Issue was successfully completed on 25 February 2004 wherein 43,560,000 new ordinary shares of RM1.00 each of PLS was listed on the Bursa Malaysia Securities Berhad. The Rights Issue raised RM 43.56 million for the purpose of the PLS Group project financing and working capital requirement.

Consequently, the issued and paid up capital of the Company was increased to RM 65,340,000 comprising 65,340,000 ordinary shares of RM 1.00 each.

To accommodate the Rights Issue, the authorised share capital was also increased to RM 200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each.

Prospects

In general, the Malaysian economy is poised to sustain a respectable growth trend extending from last year GDP growth of 6.0% to 6.5% in year 2004. However, the construction industry is expected to experience growth constrain given the projected conservative spending by the public sector on the infrastructure projects in the near term and hence would remain highly competitive.

For the coming financial year, the Group is expected to perform satisfactorily taking into consideration of the moderate prospects in the construction industry. The construction division will continue to actively seek participation in new infrastructure and construction projects through tenders and negotiated contracts from both private and public sectors. As for the timber-based segment, the wood-chipping operation will come on stream in the second half of the financial year and hence is expected to further contribute to the Group earnings for the current and ensuing financial years.

Dividend

In light of the better performance during the year, the Board is pleased to recommend a first and final gross dividend of 3% per share less tax at 28% for the financial year ended 31 March 2004, subject to shareholders approval at the forthcoming Annual General Meeting.

Appreciation

On behalf of the Board and Management, I wish to express our special thanks to Encik Lokman Bin Omar, our former Executive Director for his contribution during his tenure of service and to welcome Dato' Lim Kang Hoo to our Board. I wish to also record my appreciation to fellow board members for their invaluable advice and the management and staff for their continued dedication and commitment. Last but not least a word of thanks to the relevant authorities, clients and suppliers.

ENCIK JOHAR SALIM BIN YAHAYA
6TH OF SEPTEMBER 2004

Statement On Corporate Governance



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 6 to 7 of the Annual Report.

The Board of Directors is responsible in ensuring 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 eight 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 Bursa Malaysia Securities Berhad (BMSB) 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 2004, a total of 5 Board meetings were held. Details of attendance of the Directors are as follows:

<u>Members of the Board</u>	<u>Attendance</u>
1. Encik Johar Salim Bin Yahaya	5/5
2. Dato' Lim Kang Yew	3/5
3. Dato' Hj Ibrahim Bin Haji Keling	5/5
4. Mr. Sum Kwai Sang	4/5
5. Encik Hisham Bin Mahmood	5/5
6. Madam Lim Soo San	5/5
7. Encik Azman Bin Bachok @ Abd Majid (appointed 1 August 2003)	3/3
8. Encik Lokman Bin Omar (resigned on 28 May 2004)	5/5
9. Dato' Amirullah Abdul Muhi Bin Mayudin (resigned on 9 April 2004)	0/0



Statement On Corporate Governance (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 BMSB 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 Committee works under clearly defined terms of reference, which has been approved by the Board. The Nomination Committee of PLS consists of 3 Independent Non Executive Directors as follows:

1. Dato' Hj Ibrahim Bin Haji Keling (Chairman)
2. Encik Hisham Bin Mahmood
3. Madam Lim Soo San

Statement On Corporate Governance (continued)



Remuneration Committee

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

1. Dato' Hj Ibrahim Bin Haji Keling (Chairman)
2. Encik Hisham Bin Mahmood
3. Madam Lim Soo San
4. Dato' Lim Kang Yew

Mandatory Accreditation Training Programme

All present directors have attended the Mandatory Accreditation Training Programme conducted by Bursa Malaysia Training Sdn Bhd. The Board also ensures that all its members undergo the Continuing Education Programme (CEP) training courses pursuant to Practice Note 15/2003 issued by BMSB to further enhance their skills and knowledge where relevant.

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 2004 are as follows:

	<u>Fees (RM)</u>	<u>Salaries (RM)</u>	<u>Bonus (RM)</u>	<u>Benefit in kinds (RM)</u>	<u>Other emoluments (RM)</u>	<u>Total (RM)</u>
Executive Directors	-	540,527	33,000	54,650	-	628,177
Non Executive Directors	25,000	-	-	-	-	25,000

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

<u>Range of Remuneration</u>	<u>Number of Directors</u>	
	<u>Executive</u>	<u>Non Executive</u>
Up to RM50,000	3	5
RM50,001 to RM400,000	-	-
RM400,001 to RM450,000	1	-



Statement On Corporate Governance (continued)

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 24 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.

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 encouraged 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 Bursa Malaysia Securities Berhad 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 2004 with the principles and best practices of corporate governance and the Bursa Malaysia Securities Berhad requirements except the following:

<u>Ref. to the Code</u>	<u>Details</u>	<u>Reasons</u>
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 (continued)



OTHER INFORMATION

(i) Utilisation of Proceeds

On 22 July 2002, the Company proposed that rights issue and authorised share capital be implemented/increased as follows:

	Exiting Capital Structure	Basis	Addition/ Creation	Capital Structure after Addition/Creation
	RM'000	RM'000	RM'000	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

In respect of the above proposals, the following events were successfully completed:

Event	Date
Increase in Authorised Capital	25 September 2003
Application and Acceptance of Rights Issue	29 January 2004
Listing of Rights Issue on BMSB	25 February 2004

The status of utilisation of proceeds from Rights Issue as at 5 September 2004:

	Proposed Utilisation	Utilised To date	Balance
	RM'000	RM'000	RM'000
Construction of Akademi Audit Negara	5,500	1,724	3,776
Working Capital	36,760	12,385	24,375
Expenses related to Rights Issue	1,300	891	409
	<u>43,560</u>	<u>15,000</u>	<u>28,560</u>
	=====	=====	=====

(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.



Statement On Corporate Governance (continued)

(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	26,250 =====

(vii) Profit Estimation, Forecast or Projection

The audited profit before tax and minority interest for the financial year ended 31 March 2004 is RM3.53 million compared to the previously announced unaudited profit before tax and minority interest of RM4.87 million. The reconciliation of unaudited and audited results is as follows:

	Amount RM'million
Unaudited profit as announced	4.87
Effect of adopting MASB 25	(1.41)
Under provision of tax in a subsidiary	(0.52)
Stock write off in a subsidiary	(0.12)
Over recognition of sales in a subsidiary	(0.04)
Effect of consolidation of subsidiary	0.75
Audited profit	<u>3.53</u>

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.

(ix) Material Contracts

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

(x) Contracts relating to Loans

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

(xi) Revaluation policy

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

Statement On Internal Control



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 have established 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 have established a Risk Management Taskforce which formalised 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 have developed 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 were 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

The Board had established 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 (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 one Executive Director. Details of composition, terms of reference and report of the Audit Committee are provided at page 17 to 19 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.

Statement Of Directors' Responsibilities In Respect Of The Audited Financial Statements for the year ended 31 March 2004

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.



AUDIT COMMITTEE

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

Chairman

- 1 Dato' Hj 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 Secretaries 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 (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 2004. 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 2004, the activities of the Audit Committee covered, among others, the following:-

1. Reviewed financial statements including quarterly financial announcements to the Bursa Malaysia Securities Berhad ("BMSB") 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 (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 2004, 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
Dato' Hj Ibrahim Bin Haji Keling	5/5
Dato' Lim Kang Yew	3/5
Encik Hisham Bin Mahmood	5/5
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.



Directors' Report

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2004

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 2004.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the undertaking of civil engineering and construction works, whilst the principal activities of the subsidiaries are stated in Note 5 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 profit for the year	3,529,304	2,813,215

RESERVES AND PROVISIONS

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

DIVIDEND

No dividend was paid during the year. The Board has proposed a final dividend of 3% less tax totalling RM1,411,344 for the financial year ended 31 March 2004. The proposed final dividend has not been accounted for as it is pending shareholders' approval at the forthcoming Annual General Meeting. The final dividend, if approved by the shareholders shall be accounted for as an appropriation of unappropriated profits in the financial year ending 31 March 2005.



DIRECTORS OF THE COMPANY

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

Encik Johar Salim bin Yahaya
Dato' Lim Kang Yew
Dato' Hj Ibrahim bin Haji Keling
Encik Hisham bin Mahmood
Madam Lim Soo San
Mr Sum Kwai Sang
Encik Azman Bin Bachok @ Abd. Majid (appointed on 1.8.2003)
Dato' Lim Kang Hoo (appointed on 28.5.2004)
Encik Lokman bin Omar (resigned on 28.5.2004)

DIRECTORS' INTERESTS

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each		
	At 1.4.2003	Bought	Sold
<i>Shareholdings in which a Director has direct interest</i>			
Interest of Dato' Lim Kang Yew in: Company	4,215,000	8,430,000	-
			12,645,000
<i>Shareholdings in which a Director, Encik Lokman bin Omar, has deemed interest by virtue of shares held by:</i>			
Limbongan Resources Sdn. Bhd.	4,998,000	9,996,000	-
			14,994,000

By virtue of his interests in the Company, Dato' Lim Kang Yew and Encik Lokman bin Omar are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Pembinaan Limbongan Setia Berhad has an interest.

None of the other Directors holding office at 31 March 2004 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.



Directors' Report (continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor 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 certain companies in the Group in the ordinary course of business as disclosed in Note 24 to the financial statements.

There were no arrangements during and at the end of the financial 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

During the financial year, the Company increased its authorised share capital from RM25,000,000 to RM200,000,000 by the creation of 175,000,000 ordinary shares of RM1.00 each.

During the financial year, the Company issued 43,560,000 new ordinary shares of RM1.00 each at par for cash via a right issue on the basis of two (2) new ordinary shares for every one (1) existing ordinary shares held. The proceeds from the rights issue are used for working capital purpose and for the construction of Akademi Audit Negara. The new ordinary shares rank pari passu with the existing ordinary shares.

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

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.

Directors' Report (continued)



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 Group and in 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, except for changes in accounting policy on the adoption of MASB 25, Income Taxes as disclosed in Note 26 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 March 2004 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:

.....
Johar Salim bin Yahaya

.....
Dato' Lim Kang Yew

KUALA LUMPUR
26 JULY 2004



Statement By Directors

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 26 to 62 are 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 the state of affairs of the Group and of the Company at 31 March 2004 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

.....
Johar Salim bin Yahaya

.....
Dato' Lim Kang Yew

KUALA LUMPUR
26 JULY 2004



Statutory Declaration

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Thian Yin Yin, the officer primarily responsible for the financial management of Pembinaan Limbongan Setia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 26 to 62 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 26 JULY 2004

.....
Thian Yin Yin

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 Berhad



We have audited the financial statements set out on pages 26 to 62. 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 2004 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 and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 5 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

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

The audit reports on the financial statements of the subsidiaries were 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

Tang Seng Choon

Partner

Approval Number: 2011/12/05(J)

KUALA LUMPUR

26 JULY 2004



Consolidated Balance Sheet

At 31 March 2004

	Note	Group	
		2004 RM	2003 RM
Property, plant and equipment	2	17,757,730	4,382,187
Forest plantation project	3	41,926,280	-
Deferred interests	4	17,766,309	-
Deferred tax assets	6	218,016	1,364,247
Goodwill on consolidation	7	1,366,810	-
Current assets			
Inventories	8	501,025	-
Trade and other receivables	9	46,989,515	38,555,416
Cash and cash equivalents	10	38,425,607	15,942,232
		85,916,147	54,497,648
Current liabilities			
Trade and other payables	11	40,985,354	37,442,159
Amount due to State Government	12	14,092,619	-
Borrowings	13	235,129	321,404
Taxation		749,036	-
		56,062,138	37,763,563
Net current assets		29,854,009	16,734,085
		108,889,154	22,480,519
Financed by:			
Capital and reserves			
Share capital	14	65,340,000	21,780,000
Reserves		3,112,279	473,933
Shareholders' funds		68,452,279	22,253,933
Minority shareholder's interest	16	106,188	18,376
Long term liabilities			
Amount due to State Government	12	38,547,589	-
Borrowings	13	221,261	208,210
Deferred tax liabilities	6	267,585	-
Other payable	11	1,294,252	-
		108,889,154	22,480,519

The financial statements were approved and authorised for issue by the Board of Directors on 26 July 2004.

The notes set out on pages 36 to 62 form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Income Statement For The Year Ended 31 March 2004



		Group	
	Note	2004 RM	2003 RM
Revenue			
- Contract revenue		95,874,113	93,551,089
- Sale of goods		3,046,788	-
- Logging income		5,800,000	-
		104,720,901	93,551,089
Cost of sales			
- Contract cost		(93,576,564)	(91,312,068)
- Sale of goods		(2,826,057)	-
- Logging expenses		(192,961)	-
Gross profit		8,125,319	2,239,021
Other operating income		1,764,121	2,140,029
Administration expense		(1,638,445)	(1,539,730)
Other operating expense		(1,256,311)	-
Operating profit	17	6,994,684	2,839,320
Interest expense	18	(2,036,737)	(86,982)
Interest income		315,115	367,469
Profit before taxation		5,273,062	3,119,807
Tax expense	20	(1,399,339)	(137,238)
Profit after taxation		3,873,723	2,982,569
Minority interest		(344,419)	27,511
Net profit for the year		3,529,304	3,010,080
Basic earnings per ordinary share (sen)	21	9.97	9.21
Dividends per ordinary share-net (sen)	22	2.16	-

The notes set out on pages 36 to 62 form an integral part of, and should be read in conjunction with, these financial statements.



Consolidated Statement Of Changes In Equity For The Year Ended 31 March 2004

Group	Note	Non - distributable			Total RM
		Share capital RM	Share premium RM	Accumulated losses RM	
At 1 April 2002		21,780,000	5,512,121	(10,406,989)	16,885,132
Effect of adopting MASB 25	26	-	-	2,358,721	2,358,721
		21,780,000	5,512,121	(8,048,268)	19,243,853
Net profit for the year		-	-	3,010,080	3,010,080
At 31 March 2003		21,780,000	5,512,121	(5,038,188)	22,253,933
At 1 April 2003		21,780,000	5,512,121	(6,402,435)	20,889,686
Effect of adopting MASB 25	26	-	-	1,364,247	1,364,247
		21,780,000	5,512,121	(5,038,188)	22,253,933
Issuance of shares		43,560,000	-	-	43,560,000
Rights issue expenses		-	(890,958)	-	(890,958)
Net profit for the year		-	-	3,529,304	3,529,304
At 31 March 2004		65,340,000	4,621,163	(1,508,884)	68,452,279
		Note 14	Note 15		

The notes set out on pages 36 to 62 form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Cash Flow Statement For The Year Ended 31 March 2004



	Group	
	2004 RM	2003 RM
Cash flows from operating activities		
Profit before taxation	5,273,062	3,119,807
Adjustments for:		
Amortisation of deferred interest	1,015,220	-
Amortisation of forest plantation project	595,540	-
Amortisation of goodwill	71,937	-
Depreciation	1,582,679	869,134
Gain on disposal of property, plant and equipment	(1,614,578)	(2,067,852)
Interest expense	1,021,517	86,982
Interest income	(315,115)	(367,469)
Property, plant and equipment written off	-	4,481
Operating profit before working capital changes	7,630,262	1,645,083
(Increase)/Decrease in working capital:		
Inventories	115,003	-
Trade and other receivables	(1,537,214)	(16,899,369)
Trade and other payables	(8,909,872)	12,131,215
Cash used in operations	(2,701,821)	(3,123,071)
Income taxes refunded	763,513	-
Net cash used in operating activities	(1,938,308)	(3,123,071)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired (Note 25)	(1,361,863)	-
Interest received	315,115	367,469
Proceeds from disposal of property, plant and equipment	1,834,880	2,089,100
Purchase of property, plant and equipment (ii)	(7,993,179)	(380,652)
Net cash (used in)/generated from investing activities	(7,205,047)	2,075,917



Consolidated Cash Flow Statement For The Year Ended 31 March 2004 (continued)

	Group	
	2004 RM	2003 RM
Cash flows from financing activities		
Withdrawal/(Placement) in pledged deposits placed with financial institutions	4,365,369	(980,433)
Interest paid	(1,021,517)	(86,982)
Repayments of hire purchase liabilities	(409,692)	(573,575)
Repayments of term loan	-	(2,500,000)
Repayments to affiliated company	(9,611,103)	-
Proceeds from rights issue of shares	42,669,042	-
Net cash generated from/(used in) financing activities	35,992,099	(4,140,990)
Net increase/(decrease) in cash and cash equivalents	26,848,744	(5,188,144)
Cash and cash equivalents at beginning of year	10,573,647	15,761,791
Cash and cash equivalents at end of year (i)	37,422,391	10,573,647

i) Cash and cash equivalents

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

	Group	
	2004 RM	2003 RM
Cash and bank balances	36,034,227	5,873,647
Deposits (excluding deposits pledged)	1,388,164	4,700,000
	37,422,391	10,573,647

ii) Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM14,674,161 (2003 – RM1,149,450) of which Nil (2003 – RM582,985) were acquired by way of contra of trade receivables against properties, RM209,721 (2003 – RM185,813) were acquired by means of hire purchases and RM6,471,261 (2003 – Nil) were acquired by means of other payable.

The notes set out on pages 36 to 62 form an integral part of, and should be read in conjunction with, these financial statements.

Balance Sheet At 31 March 2004



	Note	Company	
		2004 RM	2003 RM
Property, plant and equipment	2	3,448,795	4,181,219
Investments in subsidiaries	5	891,002	51,002
Deferred tax assets	6	218,016	1,364,247
Current assets			
Trade and other receivables	9	47,078,556	37,811,960
Cash and cash equivalents	10	38,295,888	15,913,945
		85,374,444	53,725,905
Current liabilities			
Trade and other payables	11	21,894,392	36,501,327
Borrowings	13	177,369	321,404
Taxation		55,967	-
		22,127,728	36,822,731
Net current assets		63,246,716	16,903,174
		67,804,529	22,499,642
Financed by:			
	14		
Capital and reserves			
Share capital		65,340,000	21,780,000
Reserves		2,433,689	511,432
Shareholders' funds	13	67,773,689	22,291,432
Long term liabilities			
Borrowings		30,840	208,210
		67,804,529	22,499,642

The financial statements were approved and authorised for issue by the Board of Directors on 26 JULY 2004.

The notes set out on pages 36 to 62 form an integral part of, and should be read in conjunction with, these financial statements.



Income Statement For The Year Ended 31 March 2004

	Note	Company	
		2004 RM	2003 RM
Contract revenue		95,874,113	93,551,089
Contract cost		(93,576,564)	(91,312,068)
Gross profit		2,297,549	2,239,021
Other operating income		1,686,950	2,140,029
Administration expense		(993,491)	(1,482,403)
Operating profit	17	2,991,008	2,896,647
Interest expense	18	(44,688)	(86,982)
Interest income		305,580	367,469
Profit before taxation		3,251,900	3,177,134
Tax expense	20	(438,685)	(137,238)
Net profit for the year		2,813,215	3,039,896
Dividends per ordinary share-net (sen)	22	2.16	-

The notes set out on pages 36 to 62 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 2004



Company	Note	Non - distributable		Accumulated losses RM	Total RM
		Share capital RM	Share premium RM		
At 1 April 2002		21,780,000	5,512,121	(10,399,306)	16,892,815
Effect of adopting MASB 25	26	-	-	2,358,721	2,358,721
Restated balance		21,780,000	5,512,121	(8,040,585)	19,251,536
Net profit for the year		-	-	3,039,896	3,039,896
At 31 March 2003		21,780,000	5,512,121	(5,000,689)	22,291,432
At 1 April 2003		21,780,000	5,512,121	(6,364,936)	20,927,185
Effect of adopting MASB 25	26	-	-	1,364,247	1,364,247
Restated balance		21,780,000	5,512,121	(5,000,689)	22,291,432
Issue of shares		43,560,000	-	-	43,560,000
Rights issue expenses		-	(890,958)	-	(890,958)
Net profit for the year		-	-	2,813,215	2,813,215
At 31 March 2004		65,340,000	4,621,163	(2,187,474)	67,773,689
		Note 14	Note 15		

The notes set out on pages 36 to 62 form an integral part of, and should be read in conjunction with, these financial statements.



Cash Flow Statement For The Year Ended 31 March 2004

	Company	
	2004 RM	2003 RM
Cash flows from operating activities		
Profit before taxation	3,251,900	3,177,134
Adjustments for:		
Depreciation	737,992	834,273
Gain on disposal of property, plant and equipment	(1,580,828)	(2,067,852)
Interest expense	44,688	86,982
Interest income	(305,580)	(367,469)
Property, plant and equipment written off	-	4,481
Operating profit before working capital changes	2,148,172	1,667,549
(Increase)/Decrease in working capital:		
Trade and other receivables	(9,266,596)	(16,060,137)
Trade and other payables	(4,906,935)	11,332,726
Cash used in operations	(12,025,359)	(3,059,862)
Income taxes refunded	763,513	-
Net cash used in operating activities	(11,261,846)	(3,059,862)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired (Note 25)	(840,000)	-
Interest received	305,580	367,469
Purchase of property, plant and equipment	(34,620)	(154,762)
Proceeds from disposal of property, plant and equipment	1,609,880	2,089,100
Net cash generated from investing activities	1,040,840	2,301,807

Cash Flow Statement For The Year Ended 31 March 2004 (continued)



	Company	
	2004 RM	2003 RM
Cash flows from financing activities		
Withdrawal/(Placement) in pledged deposits placed with financial institutions	4,365,369	(980,433)
Interest paid	(44,688)	(86,982)
Repayments of term loan	-	(2,500,000)
Repayments of hire purchase liabilities	(321,405)	(573,575)
Proceeds from rights issue of shares	42,669,042	-
Advances to subsidiaries	(9,700,000)	-
Net cash generated from/(used in) financing activities	46,668,318	(4,140,990)
Net increase/(decrease) in cash and cash equivalents	26,747,312	(4,899,045)
Cash and cash equivalents at beginning of year	10,545,360	15,444,405
Cash and cash equivalents at end of year (i)	37,292,672	10,545,360

i) Cash and cash equivalents

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

	Company	
	2004 RM	2003 RM
Cash and bank balances	35,904,508	5,845,360
Deposits (excluding deposits pledged)	1,388,164	4,700,000
	37,292,672	10,545,360

The notes set out on pages 36 to 62 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 by the Company and are consistent with those adopted in previous years except for the adoption of the following:

- (i) MASB 25, Income Taxes;
- (ii) MASB 27, Borrowing Costs; and
- (iii) MASB 29, Employee Benefit.

Apart from the inclusion of the new policies and extended disclosures where required by these new standards, the effects of the changes in the above accounting policies are disclosed in Note 26 and Note 27 to these financial statements.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and 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 either 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 of 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 negative goodwill 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.

Notes To The Financial Statements (continued)



(c) Property, plant and equipment

Freehold land is stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation, and less accumulated impairment losses, if any.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

Depreciation

Freehold land is not amortised. Long term leasehold land is amortised in equal installments over the remaining lease period of ninety (90) years, while short term leasehold land is amortised in equal installments over the remaining lease period of nineteen (19) years. Buildings are depreciated on a straight line basis over the shorter of fifty (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% - 33%
Motor vehicles	20%
Fixture and fittings	10% - 20%

(d) Forest plantation project

The cost of forest plantation project is based on the present value of the privatisation consideration of RM62,269,805 to be repayable to the State Government of Johor Darul Ta'zim ("State Government") over the stipulated repayment period.

The forest plantation project is to be amortised to the income statement over the management period ("Management Period") of sixty (60) years based on the following formula:

$$\frac{\text{Volume Extracted}}{\text{Projected Total Commercial Extractable Volume for the Management Period}} \times \text{Cost of forest plantation project}$$

The projected total commercial extractable volume for the management period is based on the extractable volume projected by an independent professional firm of valuers.

The policy for the recognition and measurement of impairment loss is in accordance with Note 1(n).

(e) Investments

Long term investments in subsidiaries are stated at cost in the Company, less impairment loss where applicable.

(f) Goodwill

Goodwill represented the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and was stated at cost less accumulated amortisation and accumulated impairment losses.

Goodwill was amortised from the date of initial recognition over its estimated useful life of not more than twenty (20) years.



Notes To The Financial Statements (continued)

(g) Inventories

Inventories are stated at the lower of cost and net realisable value with weighted average cost being the main basis for cost. Cost of timber logs and work-in-progress include raw material, direct labour, and an appropriate proportion of operating overheads. Cost of raw materials included all direct and indirect expenditure incurred in bringing the inventories to their present location and condition.

(h) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(i) 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 trade and other payables as amount due to contract customers.

(j) 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 pledged deposits.

(k) Affiliated company

For the purpose of these financial statements, an "affiliated company" refers to the following:

- (i) a company which holds an effective interest of not less than 20% and not exceeding 50% in the holding company;
- (ii) related corporations of (i); and
- (iii) a company which has common Directors with the Company

(l) Liabilities

Borrowings and trade and other payables are stated at cost.

(m) Hire purchase

Assets acquired under hire purchase arrangements are capitalised at their purchase costs and are depreciated on the same basis as owned assets. The total amount payable under hire purchase arrangements is shown under hire purchase liabilities.

Notes To The Financial Statements (continued)



(n) Impairment

The carrying amount of assets, other than assets arising from construction contracts, inventories and financial assets (other than investments in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement.

(o) Income tax

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

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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



Notes To The Financial Statements (continued)

(p) Employee benefits

i) Short term employee benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group and Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

ii) Defined contribution plan

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

(q) Revenue

i) Construction contracts

Revenue from 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 to 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) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

iii) Logging income

Revenue from logging is measured at the fair value of the consideration receivable and is recognised in the income statement when the rights of logging have been transferred to logging contractor.

iv) Interest income

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

(r) 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. The difference between the nominal amount payable and the present value of deferred privatisation consideration is recognised as interest expense over the repayment period of privatisation consideration.

Notes To The Financial Statements (continued)



2. Property, plant and equipment

Group	Long term leasehold land RM	Short term leasehold land RM	Freehold land RM	Buildings RM	Plant and machinery RM	Office equipment RM	Motor vehicles RM	Fixture and fittings RM	Total RM
Cost									
At 1 April 2003	892,621	-	98,000	1,515,860	9,498,530	1,552,650	7,042,910	131,384	20,731,955
Additions	-	11,504,465	-	-	2,942,448	23,187	195,876	8,185	14,674,161
Disposals	-	-	-	-	(2,955,399)	-	(779,280)	-	(3,734,679)
Acquisition of subsidiary	-	-	-	-	127,833	10,474	332,781	33,275	504,363
At 31 March 2004	892,621	11,504,465	98,000	1,515,860	9,613,412	1,586,311	6,792,287	172,844	32,175,800

Accumulated depreciation

At 1 April 2003	10,754	-	-	189,337	9,401,696	1,034,693	5,606,695	106,593	16,349,768
Charge for the year	9,953	395,003	-	30,317	410,603	132,717	591,664	12,422	1,582,679
Disposals	-	-	-	-	(2,928,863)	-	(585,514)	-	(3,514,377)
At 31 March 2004	20,707	395,003	-	219,654	6,883,436	1,167,410	5,612,845	119,015	14,418,070

Net book value

At 31 March 2004	871,914	11,109,462	98,000	1,296,206	2,729,976	418,901	1,179,442	53,829	17,757,730
At 31 March 2003	881,867	-	98,000	1,326,523	96,834	517,957	1,436,215	24,791	4,382,187

Depreciation charge for the year ended 31 March 2003

	3,948	-	-	30,318	77,702	141,324	603,073	12,769	869,134
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Notes To The Financial Statements (continued)

2. Property, plant and equipment (continued)

Company	Long term leasehold land RM	Freehold land and land RM	Buildings RM	Plant and machinery RM	Office equipment RM	Motor vehicles RM	Fixture and fittings RM	Total RM
Cost								
At 1 April 2003	892,621	98,000	1,515,860	9,498,530	1,551,760	6,817,910	121,034	20,495,715
Additions	-	-	-	19,420	12,950	2,250	-	34,620
Disposals	-	-	-	(2,955,399)	-	(554,280)	-	(3,509,679)
At 31 March 2004	892,621	98,000	1,515,860	6,562,551	1,564,710	6,265,880	121,034	17,020,656
Accumulated depreciation								
At 1 April 2003	10,754	-	189,337	9,401,696	1,034,617	5,572,945	105,147	16,314,496
Charge for the year	9,953	-	30,317	55,058	128,043	508,484	6,137	737,992
Disposals	-	-	-	(2,928,863)	-	(551,764)	-	(3,480,627)
At 31 March 2004	20,707	-	219,654	6,527,891	1,162,660	5,529,665	111,284	13,571,861
Net book value								
At 31 March 2004	871,914	98,000	1,296,206	34,660	402,050	736,215	9,750	3,448,795
At 31 March 2003	881,867	98,000	1,326,523	96,834	517,143	1,244,965	15,887	4,181,219
Depreciation charge for the year ended 31 March 2003	3,948	-	30,318	77,702	141,248	569,323	11,734	834,273

Notes To The Financial Statements (continued)



2. Property, plant and equipment (continued)

The strata titles of buildings of the Group and of the Company costing RM581,007 (2003 - RM593,523) are still in the process of being transferred to the Company as the finalisation are pending approval from the relevant authorities.

Assets under hire purchase

Included in property, plant and equipment of the Group and of the Company are motor vehicles acquired under hire purchase agreements with net book value of RM880,959 (2003 - RM815,318) and RM579,131 (2003 - RM815,318) respectively.

3. Forest plantation project

	Group	
	2004 RM	2003 RM
Cost		
Acquisition of subsidiary/At 31 March	42,521,820	-
Accumulated amortisation		
Amortisation charge for the year/At 31 March	595,540	-
Net book value	41,926,280	-

The cost of forest plantation project is based on the present value of the privatisation consideration of RM62,269,805 to be repayable over the remaining stipulated repayment period of sixteen (16) periods from the date of Privatisation Agreement on 4 December 2002. To arrive at the present value of the deferred consideration for forest plantation project, the Directors assume a discount rate which reflects current market assessments that approximates prevailing cost of borrowings. The difference between the nominal amount payable and the present value of deferred privatisation consideration will be recognised as deferred interest. The deferred interest will be recognised as interest expense over the repayment period of privatisation consideration (see Note 4).

Included in the cost of forest plantation project is the leasehold agricultural land for a lease period of ninety-nine (99) years less one (1) day from the registration of the agricultural land in favour of YPJ Holdings Sdn. Bhd.

4. Deferred interests

	Group	
	2004 RM	2003 RM
Cost		
Acquisition of subsidiary/At 31 March	18,781,529	-
Accumulated amortisation		
Amortisation charge for the year/At 31 March	1,015,220	-
Net book value	17,766,309	-

Deferred interests represent the difference between the privatisation consideration of RM62,269,805 and the present value of forest plantation project of RM42,879,144 (see Note 3).

The deferred interests is recognised as interest expenses over the repayment period of the privatisation consideration.



Notes To The Financial Statements (continued)

5. Investments in subsidiaries-

	Group	
	2004 RM	2003 RM
Unquoted shares, at cost	891,002	51,002

The principal activities of the subsidiaries, their places of incorporation and the interest of Pembinaan Limbongan Setia Berhad are as follows:

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2004 %	2003 %
Aramijaya Sdn. Bhd.^	Management and operation of a forest plantation	Malaysia	70	-
Limbongan-Ekovest Management Sdn. Bhd.*	Investment holding and management	Malaysia	51	51
PLS Construction Sdn. Bhd.*	Civil engineering and building works	Malaysia	100	100

*** Not audited by KPMG**

^ The auditors' report on the financial statement for the year ended 31 March 2004 was unqualified, however with an emphasis of the following matters:

- 1) The Company has yet to make payment of two overdue instalments of the Privatisation Consideration due on 1 October 2002 and 1 October 2003 respectively totalling to RM9,239,264 to the State Government of Johor Darul Ta'zim ("State Government") pursuant to the Privatisation Agreement dated 4 December 2002.
- 2) Pembinaan Limbongan Setia Berhad ("PLS") has provided a corporate guarantee in favour of the State Government for the repayment by the Company pursuant to the Corporate Guarantee Agreement dated 3 June 2003. PLS is under a continuing obligation to guarantee the proper and punctual repayment of the Privatisation Consideration by the Company.
- 3) The going concern basis on which the financial statements have been prepared is dependent on the continuous financial support from PLS and future profitable operations.

Notes To The Financial Statements (continued)



6. Deferred tax assets/(liabilities)

The amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deferred tax liabilities	(267,585)	-	-	-
Deferred tax assets	218,016	1,364,247	218,016	1,364,247

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deferred tax liabilities	(267,585)	-	-	-
Other temporary differences				
Deferred tax assets	218,016	1,364,247	218,016	1,364,247
Unutilised tax losses				

No deferred tax has been recognised for the following items:

	Group and Company	
	2004 RM	2003 RM
Deductible temporary differences	2,036,000	1,925,000
Unutilised tax losses	16,222,000	15,630,000
	18,258,000	17,555,000

The unutilised tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits.



Notes To The Financial Statements (continued)

7. Goodwill on consolidation

	Group	
	2004 RM	2003 RM
Goodwill arising from acquisition of a subsidiary	1,438,747	-
Less: Amortisation during the year	(71,937)	-
At 31 March	1,366,810	-

8. Inventories

	Group	
	2004 RM	2003 RM
At cost:		
Timber logs	304,149	-
Sawn timber - wet	3,996	-
Sawn timber - dry	192,880	-
	501,025	-

9. Trade and other receivables

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade receivables	17,924,628	20,305,078	17,585,983	20,305,078
Retention sum receivables	10,546,318	9,691,023	10,546,318	9,691,023
Other receivables, deposits and prepayments	11,275,798	3,105,281	952,159	1,061,825
Amount due from contract customers	6,994,096	5,454,034	6,994,096	5,454,034
Subsidiary - non trade	-	-	11,000,000	1,300,000
Related party - trade	248,675	-	-	-
	46,989,515	38,555,416	47,078,556	37,811,960

Notes To The Financial Statements (continued)



Included in trade receivables of the Group and of the Company are advances made to sub-contractors amounting to RM887,732 (2003 - RM248,110). 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.

Included in other receivables, deposit and prepayment of the Group are:

- i) an amount of RM2.5 million in respect of performance deposit paid to YPJ Holdings Sdn. Bhd. ("YPJH") as security towards Aramijaya Sdn. Bhd.'s ("Aramijaya") performance and undertaking a major role in the proposed privatisation of forest plantation project.
- ii) an amount of RM5 million paid to YPJH in respect of deposits paid for the proposed acquisition of agricultural lands by Aramijaya. The deposit is refundable to Aramijaya should the deal be rejected by either YPJH or the subsidiary.
- iii) an amount of RM684,450 paid to YPJH by Aramijaya in respect of land premium for agricultural lands at Mukim Mersing, Daerah Mersing, Johor.

The amount due from subsidiaries is unsecured, interest free and has no fixed terms of repayment. Non trade balances with subsidiaries mainly comprise advances.

The amount due from related party is unsecured, interest free and has negotiated repayment terms.

	Group and Company	
	2004 RM	2003 RM
<i>Amount due from contract customers</i>		
Aggregate costs incurred to date	381,153,498	303,969,213
Add: Attributable profits	28,341,054	19,742,818
Less: Foreseeable losses	(23,103,957)	(18,719,928)
	386,390,595	304,992,103
Less: Progress billings	(379,396,499)	(299,538,069)
	<u>6,994,096</u>	<u>5,454,034</u>

10. Cash and cash equivalents

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deposits placed with licensed banks	2,391,380	10,068,585	2,391,380	10,068,585
Cash and bank balances	36,034,227	5,873,647	35,904,508	5,845,360
	<u>38,425,607</u>	<u>15,942,232</u>	<u>38,295,888</u>	<u>15,913,945</u>

The deposits with a licensed bank of RM1,003,216 (2003 - RM5,368,585) are held under lien for overdraft facility granted to the Group and to the Company. The overdraft facility is not utilised at year end.



Notes To The Financial Statements (continued)

11. Trade and other payables

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current				
Trade payables	12,981,167	28,794,835	12,824,059	28,794,835
Retention sum payables	8,486,252	7,315,463	8,486,252	7,315,463
Other payables and accrued expenses	12,631,912	1,331,861	584,081	391,029
Affiliated company				
- non trade	5,321,935	-	-	-
Related parties				
- trade	154,843	-	-	-
- non trade	1,409,245	-	-	-
	40,985,354	37,442,159	21,894,392	36,501,327
Non-current				
Amount due to Johor Port Berhad	1,294,252	-	-	-

Included in trade payables of the Group and of the Company are interest free advances received from customers amounting to RM705,549 (2003 - RM9,663,515), which are secured by way of bank guarantees and will be repaid by way of setting off against the Company's progress claims to the customers.

Included in other payables of the Group are:

- i) an amount of RM4,750,000 received in advance from Syarikat Cahaya Emas Hijau Sdn. Bhd. for logging income; and
- ii) an amount due in respect of acquisition of a leasehold land during the year as follows:

	Group	
	2004 RM	2003 RM
Due within the next twelve months - current	5,177,009	-
Due after the next twelve months - non-current	1,294,252	-
	6,471,261	-

The amount due to affiliated company is unsecured, bears interest at 8% per annum and has no fixed terms of repayment. Non-trade balances with affiliated company mainly comprise advances.

The amount due to related parties is unsecured, interest free and has negotiated repayment terms. Non-trade balances with related parties mainly comprise purchase of plant and machinery.

Notes To The Financial Statements (continued)



12. Amount due to State Government

Group

The amount due to State Government represents the privatisation consideration payable in accordance with the payment schedule stated in the Privatisation Agreement over a period of eighteen (18) periods from 1 October 2001. At the date of signing of the Privatisation Agreement, the total privatisation consideration amounted to RM62,269,805 and comprises the following:

	RM
Federal Loans	47,717,990
State's Expenditure	11,059,198
Cash Advance	3,492,617
	<u>62,269,805</u>

Included in Federal Loans is an amount of RM13,079,871 or USD 3,442,071 disbursed by the Federal Government to the State Government in USD currency and have been translated into Malaysian currency for the purpose of the payment schedule at the prevailing exchange rate of USD1.00 = RM3.80. In the future, should the exchange rate varies, the Group will bear the foreign exchange fluctuation and the privatisation consideration shall be adjusted accordingly.

Pursuant to the Privatisation Agreement, as security for the performance of Aramijaya Sdn. Bhd. ("Aramijaya") obligations, the Company has entered into an agreement to provide corporate guarantee in favour of the State Government for the repayment by Aramijaya of the privatisation consideration and any variations that may arise within six (6) months from the date of the Privatisation Agreement of 4 December 2002.

On 1 October 2001, Aramijaya had paid the first installment payment of RM9,629,597 to the State Government. The movement in amount due to State Government is as follows:

	Group	
	2004 RM	2003 RM
Total privatisation consideration payable	62,269,805	-
Less: Installment paid	(9,629,597)	-
	<u>52,640,208</u>	<u>-</u>

The current and non-current portions of amount due to State Government is as follows:

	Group	
	2004 RM	2003 RM
Due within the next twelve months - current	14,092,619	-
Due after the next twelve months - non-current	38,547,589	-
	<u>52,640,208</u>	<u>-</u>

Included in current portion is two installments payments due on 1 October 2002 for RM4,619,632 and on 1 October 2003 for RM4,619,632 totalling RM9,239,264 to the State Government.

Aramijaya has on 10 December 2003 written to relevant authority requesting for a delay in the installment payments. To date, Aramijaya has yet to receive any reply from the said authority.



Notes To The Financial Statements (continued)

13. Borrowings

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current				
Hire purchase liabilities	235,129	321,404	177,369	321,404
Non-current				
Hire purchase liabilities	221,261	208,210	30,840	208,210

Terms and debts repayment schedule:

The hire purchase of the Group and of the Company is subject to interest at rates ranging from 3.45% to 5.00% (2003 - 3.90% to 6.70%) per annum and 3.90% to 5.00% (2003 - 3.90% to 6.70%) per annum respectively.

	Under Total RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM
Group				
Hire purchase liabilities	456,390	235,129	88,600	132,661
Company				
Hire purchase liabilities	208,209	177,369	30,840	-

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Payments 2004 RM	Interest 2004 RM	Principal 2004 RM	Payments 2003 RM	Interest 2003 RM	Principal 2003 RM
Group						
Less than one year	268,667	(33,538)	235,129	365,926	(44,522)	321,404
Between one and five years	258,415	(37,154)	221,261	235,232	(27,022)	208,210
	<u>527,082</u>	<u>(70,692)</u>	<u>456,390</u>	<u>601,158</u>	<u>(71,544)</u>	<u>529,614</u>
Company						
Less than one year	200,723	(23,354)	177,369	365,926	(44,522)	321,404
Between one and five years	34,509	(3,669)	30,840	235,232	(27,022)	208,210
	<u>235,232</u>	<u>(27,023)</u>	<u>208,209</u>	<u>601,158</u>	<u>(71,544)</u>	<u>529,614</u>

Notes To The Financial Statements (continued)



14. Share capital

	Group and Company	
	2004 RM	2003 RM
Ordinary shares of RM1 each:		
Authorised		
Opening balance	25,000,000	25,000,000
Created during the year	175,000,000	-
	<u>200,000,000</u>	<u>25,000,000</u>
Issued and fully paid		
Opening balance	21,780,000	21,780,000
Issued during the year	43,560,000	-
	<u>65,340,000</u>	<u>21,780,000</u>

During the financial year, the Company increased its authorised share capital from RM25,000,000 to RM200,000,000 by the creation of 175,000,000 ordinary shares of RM1.00 each.

During the financial year, the Company issued 43,560,000 new ordinary shares of RM1.00 each at par for cash on the basis of two (2) new ordinary shares for every one (1) existing ordinary shares. The proceeds from the rights issue are used for working capital purpose and for the construction of Akademi Audit Negara. The new ordinary shares rank pari passu with the existing ordinary shares.

15. Share premium

	Group and Company	
	2004 RM	2003 RM
Non-distributable		
Share premium		
Opening balance	5,512,121	5,512,121
Rights issue expenses	(890,958)	-
	<u>4,621,163</u>	<u>5,512,121</u>

Share premium arose from issuance of ordinary shares at an issue price higher than its nominal value. Included in the share premium is an amount of RM5,464,800 arising from the issuance of 1,980,000 new ordinary shares of RM1.00 each at an issue price of RM3.76 for each share in the previous year.

During the financial year, the expenses incurred in connection of the rights issue had been charged against share premium account.

16. 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 (continued)

17. Operating profit

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Operating profit is arrived at after crediting:				
Gain on disposal of property, plant and equipment	1,614,578	2,067,852	1,580,828	2,067,852
Rental income from hire of plant and machinery	-	56,000	-	56,000
Rental income from motor vehicles	45,151	-	-	-
	<u>1,659,729</u>	<u>2,123,852</u>	<u>1,580,828</u>	<u>2,123,852</u>
and after charging:				
Amortisation of forest plantation (Note 3)	595,540	-	-	-
Amortisation of goodwill (Note 7)	71,937	-	-	-
Auditors' remuneration	60,150	38,650	41,500	38,000
Depreciation (Note 2)	1,582,679	869,134	737,992	834,273
Company's Directors				
- Remuneration	573,527	612,879	573,527	612,879
- Fees	25,000	25,000	25,000	25,000
Inventories written off	120,741	-	-	-
Property, plant and equipment written-off	-	4,481	-	4,481
Rental of plant and machinery	804,710	9,141	456,208	9,141
Rental of premises	232,555	271,590	192,400	271,590
Rental of motor vehicle	29,250	-	-	-
	<u>3,995,112</u>	<u>1,731,275</u>	<u>1,999,627</u>	<u>1,731,275</u>

The estimated monetary value of Directors' benefits-in-kind is RM54,650 (2003 - RM54,650).

18. Interest expense

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Amortisation of deferred interests (Note 4)	1,015,220	-	-	-
Hire purchase interest	51,181	86,982	44,522	86,982
Interest expense on loan from affiliated company	921,935	-	-	-
Overdraft interest	44,577	-	166	-
Others	3,824	-	-	-
	<u>2,036,737</u>	<u>86,982</u>	<u>44,688</u>	<u>86,982</u>

Notes To The Financial Statements (continued)



19. Employee information

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Employees' Provident Fund	238,670	230,244	238,670	230,244
Other staff costs (emoluments of Directors and staff)	2,476,281	2,396,170	2,476,281	2,396,170
	<u>2,714,951</u>	<u>2,626,414</u>	<u>2,714,951</u>	<u>2,626,414</u>

The number of employee of the Group and of the Company (including Directors) at the end of the year was 78 (2003 - 57) and 60 (2003 - 57) respectively.

20. Tax expense

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current tax expense				
- current year provision	779,069	-	86,000	-
- overprovision in prior years	(793,546)	(857,236)	(793,546)	(857,236)
	<u>(14,477)</u>	<u>(857,236)</u>	<u>(707,546)</u>	<u>(857,236)</u>
Deferred tax expenses				
- origination of temporary differences	1,413,816	994,474	1,146,231	994,474
	<u>1,399,339</u>	<u>137,238</u>	<u>438,685</u>	<u>137,238</u>

Reconciliation of effective tax rate

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit before taxation	<u>5,273,062</u>	<u>3,119,807</u>	<u>3,251,900</u>	<u>3,177,134</u>
Income tax using Malaysian tax rate	1,476,457	873,546	910,532	889,598
Non-deductible expenses	547,999	583,425	124,319	567,373
Effect of using difference in tax rate for chargeable income up to RM500,000 of a subsidiary	(22,636)	-	-	-
Effect of deductible temporary differences not recognised	196,943	(359,606)	196,943	(359,606)
Other items	(5,878)	(102,891)	437	(102,891)
	<u>2,192,885</u>	<u>994,474</u>	<u>1,232,231</u>	<u>994,474</u>
Over provision in prior years	(793,546)	(857,236)	(793,546)	(857,236)
Tax expense	<u>1,399,339</u>	<u>137,238</u>	<u>438,685</u>	<u>137,238</u>



Notes To The Financial Statements (continued)

21. Earnings per ordinary share - group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary shareholders of RM3,529,304 (2003 – RM3,010,080) and the weighted average number of ordinary shares outstanding during the year of 35,392,500 (2003 – 32,670,000).

Net profit attributable to ordinary shareholders is calculated as follows:

	2004 RM	2003 RM
Net profit attributable to ordinary shareholders	3,529,304	3,010,080
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	21,780,000	21,780,000
Effect of right issue	13,612,500	10,890,000
Weighted average number of ordinary shares	35,392,500	32,670,000
Basic earnings per ordinary share (sen)	9.97	9.21

22. Dividend

The Board has proposed a final dividend of 3% less tax totalling RM1,411,344 for the financial year ended 31 March 2004. The proposed final dividend has not been accounted for as it is pending shareholders' approval at the forth coming Annual General Meeting. The final dividend, if approved by the shareholders shall be accounted for as an appropriation of unappropriated profits in the financial year ending 31 March 2005.

23. Segmental information

Segment information is presented in respect of the Group's business segments. As the Group operates predominantly in Malaysia, accordingly information by geographical location of the Group's operations is not presented.

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

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

Business segments

The Group comprises the following main business segments:

Construction	Civil engineering and construction work of earthwork and buildings.
Management service	Management planning consultancy and project management services.
Forest plantation	Management and operation of forest plantation, logging, saw milling, chipping and other downstream manufacturing and related activities.

During the financial year ended 31 March 2003, no business segmental information is presented as the Group's revenue, operating profit, assets and liabilities, depreciation, capital expenditure and non-cash expense are mainly confined to construction activities.

Notes To The Financial Statements (continued)



23. Segmental information (continued)

	← 2004 →				
	Management Forest				
	Construction RM	service RM	plantation RM	Eliminations RM	Consolidated RM
Business Segments					
Revenue	95,874,113	-	8,846,788	-	104,720,901
Segment result	2,989,673	22,552	4,054,396	-	7,066,621
Unallocated expenses					(71,937)
Operating profit					6,994,684
Interest expense					(2,036,737)
Interest income					315,115
Profit before taxation					5,273,062
Tax expense					(1,399,339)
Minority interest					(344,419)
Net profit for the year					3,529,304
Segment assets	89,932,259	2,092,066	83,451,159	(11,891,002)	163,584,482
Unallocated assets					1,366,810
Total assets					164,951,292
Segment liabilities	22,165,528	2,032,012	83,195,285	(11,000,000)	96,392,825
Capital expenditure	34,620	4,038	14,635,503	-	14,674,161
Depreciation and amortisation	737,992	1,569	2,453,878	-	3,193,439
Unallocated amortisation					71,937
Total depreciation and amortisation					3,265,376
Non-cash expenses other than depreciation and amortisation	-	-	120,741	-	120,741



Notes To The Financial Statements (continued)

24. Related parties

Identity of related parties

Controlling related party relationships are with its subsidiaries as disclosed in Note 5 to the financial statements.

The Group and the Company has related party relationship with the following companies, which deemed related as follows:

- i) Limbongan Setia Corporation Sdn. Bhd., Hi Plus Development Sdn. Bhd., Wengcon Holdings Sdn. Bhd., Wengcon Machinery Sdn. Bhd., Segi Gemilang Sdn. Bhd., Endau Prima Sdn. Bhd. and Ekovest Construction Sdn. Bhd. are deemed related to Dato' Lim Kang Yew, Dato' Lim Kang Hoo and Sum Kwai Sang.
- ii) Limbongan Resources Sdn. Bhd., an affiliated company.

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Transactions				
With companies deemed related to a Director:				
Sales	(977,832)	-	-	-
Felling charges	1,220,694	-	-	-
Rental and purchase of machinery	89,839	-	-	-
Rental of equipment	250,000	-	-	-
Rental of premise	108,000	218,240	108,000	218,240
With an affiliated company:				
Interest expense	921,935	-	-	-

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

Non-trade balances with subsidiaries, affiliated company and related parties are in respect of the following:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Subsidiaries				
Advances owing to	-	-	11,000,000	1,300,000
Affiliated company				
Advances owing to	5,321,935	-	-	-
Related parties				
Purchase of plant and machinery	1,409,245	-	-	-

Notes To The Financial Statements (continued)



25. Acquisition of subsidiary

Acquisition

On 3 June 2003, the Group acquired 70% of the shares in Aramijaya Sdn. Bhd. for a consideration of RM840,000 satisfied by cash. The acquisition was accounted for using the acquisition method of accounting.

The fair values of assets and liabilities assumed in the acquisition of Aramijaya Sdn. Bhd. and its cash flow effects is as follows:

	RM
Non current assets	
Property, plant and equipment	504,363
Forest plantation project	42,521,820
Deferred interests	18,781,529
Current assets	8,357,895
Current liabilities	(18,254,005)
Hire purchase liabilities	(126,747)
Long term liabilities	(52,640,208)
Net liabilities	(855,353)
Minority interests at date of acquisition	256,606
Group's share of net assets	(598,747)
Goodwill on acquisition	1,438,747
Consideration paid, satisfied in cash	840,000
Cash acquired	521,863
Net cash outflow	1,361,863



Notes To The Financial Statements (continued)

25. Acquisition of subsidiary (continued)

Effect of acquisition

The acquisition of Aramijaya Sdn. Bhd. had the following effect on the Group's assets and liabilities as at 31 March 2004.

	10 months ended 31 March 2004 RM
Income statement:	
Revenue	8,846,788
Cost of good sold	(3,019,018)
	<hr/>
Gross profit	5,827,770
Other operating income	43,421
Administrative expense	(632,421)
Other operating expense	(1,184,374)
	<hr/>
Operating profit	4,054,396
Interest expense	(1,992,049)
Interest income	9,535
	<hr/>
Profit before taxation	2,071,882
Tax expense	(960,654)
	<hr/>
Profit after taxation	1,111,228
Less: Minority interest	(333,368)
	<hr/>
Increase in the Group's net profit at the end of financial year	<u>777,860</u>
	<hr/>
	2004 RM
Balance sheet:	
Property, plant and equipment	14,296,748
Forest plantation project	41,926,280
Deferred interests	17,766,309
Current assets	9,461,822
Current liabilities	(42,895,438)
Long term liabilities	(40,299,847)
	<hr/>
Net assets	255,874
Minority interest	(76,762)
	<hr/>
Group's share of net assets	179,112
Goodwill on acquisition	1,438,747
Less: Amortisation	(71,937)
	<hr/>
Increase in Group's net assets	<u>1,545,922</u>

Notes To The Financial Statements (continued)



26. Changes in accounting policies

Changes in accounting policies

In the current financial year, the Group and the Company adopted three new MASB Standards. The adoption of these new standards resulted in changes in accounting policies as follows:

- (a) MASB 25, Income Taxes, which has been adopted retrospectively. Comparative figures have been adjusted to reflect the change in this accounting policy;
- (b) MASB 27, Borrowing Costs, which has been applied retrospectively. Comparative figures have not been restated as the previous accounting policy was in line with the accounting standard; and
- (c) MASB 29, Employees Benefits, which has been applied retrospectively. Comparative figures have not been restated as the adoption of this standard has no material impact on the financial statement.

The adoption of MASB 25 has resulted in the recognition in full of all taxable temporary differences. Previously, deferred tax liabilities were not provided if no liability was expected to arise in the foreseeable future and there were no indications the timing differences would reverse thereafter. Deferred tax assets are now recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised (previously only recognised where there was a reasonable expectation of realisation in the near future).

This change in accounting policies, applied retrospectively, has the following impact on the results:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Net profit before change in accounting policy	4,675,535	4,004,554	3,959,446	4,034,370
Effect of adopting MASB 25	(1,146,231)	(994,474)	(1,146,231)	(994,474)
Net profit for the year	<u>3,529,304</u>	<u>3,010,080</u>	<u>2,813,215</u>	<u>3,039,896</u>

Prior year adjustments

The change in accounting policies due to the adoption of MASB 25 has been accounted for by restating comparatives and adjusting the opening balance of retained profits at 1 April 2003 as disclosed in Note 27 and the statement of changes in equity respectively.



Notes To The Financial Statements (continued)

27. Comparative figures

The following comparatives have been restated to reflect change in accounting policies as explained in Note 26.

	Group		Company	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
Income Statement				
Tax expense	(137,238)	857,236	(137,238)	857,236
Net profit for the year	3,010,080	4,004,554	3,039,896	4,034,370
Basic earnings per ordinary share	9.21	18.39		
Balance sheets				
Deferred tax assets	1,364,247	-	1,364,247	-
Reserves	473,933	(890,314)	511,432	(852,815)
Statements of Changes in Equity				
Accumulated losses at 1 April 2002	(8,048,268)	(10,406,989)	(8,040,585)	(10,399,306)
Accumulated losses at 31 March 2003	(5,038,188)	(6,402,435)	(5,000,689)	(6,364,936)

Notes To The Financial Statements (continued)



28. Financial instruments

Financial risk management objectives and policies

Exposure to credit risk, interest rate risk, foreign currency risk and liquidity risk arises in the normal course of the Group and the Company's business. The financial risk management policy of the Group and the Company are summarised as follows:

Credit risk

Management has a credit policy which has yet to be formalised and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group and the Company do not require collateral in respect of financial assets.

At balance sheet date, there were significant concentrations of credit risk of the Group and the Company by virtue of its trade receivables that are due from companies principally involved in the construction industry. The maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of each financial asset.

Interest rate risk

The Group and the Company have no significant interest bearing financial liabilities at balance sheet date. Interest earnings financial assets are mainly deposits placed with licensed banks that attract interest income. However, the fluctuation in interest rate, if any, is not expected to have a material impact on the result of the Group and of the Company.

Foreign currency risk

The Group and the Company do not have significant exposure to foreign currency risk as its transactions and balances are substantially denominated in Ringgit Malaysia.

Liquidity risk

The Group and the Company monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following table shows information about exposure to interest rate risk.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the period in which they reprise or mature, whichever is earlier.

	<-----2004----->			<-----2003----->		
	Effective interest rate per annum %	Total RM	Within 1 year RM	Effective interest rate per annum %	Total RM	Within 1 year RM
Group						
Financial asset						
Deposits placed with licensed banks	3.4	2,391,380	2,391,380	3.4	10,068,585	10,068,585
Financial liability						
Amount due to affiliated company	8.0	5,321,935	5,321,935	-	-	-
Company						
Financial asset						
Deposits placed with licensed banks	3.4	2,391,380	2,391,380	3.4	10,068,585	10,068,585



Notes To The Financial Statements (continued)

28. Financial instruments (continued)

Fair values

Recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

The aggregate fair values of the other financial liability carried on the balance sheet as at 31 March 2004 are shown below:

	Group		2003	
	2004			
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities				
Amount due to State Government (current and non-current less deferred interests)	34,873,899	34,873,899	-	-
Other payable	1,294,252	1,179,307	-	-

Fair value has been determined by discounting the relevant cash flows repayment using the current interest rate of a similar instrument at the balance sheet date.

29. Contingent liabilities

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Unsecured				
Performance bond to third parties in respect of projects	14,985,277	14,330,276	14,985,277	14,330,276
Bank guarantee to third parties in respect of purchasing material for projects	293,000	473,500	293,000	473,500
Corporate guarantee to subsidiary in respect of purchasing machinery	-	-	79,800	-
Corporate guarantee to subsidiary in respect of repayment to State Government	-	-	9,239,264	-
Secured				
Advance bond to a third party in respect of a project	-	2,300,000	-	2,300,000
	15,278,277	17,103,776	24,597,341	17,103,776

Litigation

As previously reported, a claim of RM14.6 million was made by an ex-contractor against the Company for losses as a result of breach of a contract. In relation to this, the Company has counter-claimed for a sum of RM1.1 million. The matters were set down for arbitration, but the ex-contractor was under receivership. The solicitors of the ex-contractor had put forward a report to the Official Receiver and are pending for further instruction as whether to proceed with the claim.

Based on legal counsel's advice, the Directors are of the opinion that there is no merit to the claim made by the ex-contractor and the outcome of the arbitration would be in favour of the Company.



ANALYSIS OF SHAREHOLDINGS AS AT 12 AUGUST 2004

Authorised Share Capital	:	RM200,000,000
Issue and Fully Paid-up	:	RM65,340,000
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	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	65	4.53	683	0.00
100 - 1,000	582	40.53	314,982	0.48
1,001 - 10,000	630	43.87	2,366,450	3.62
10,001 - 100,000	116	8.08	3,536,800	5.41
100,001 - less than 5%	39	2.71	28,321,085	43.35
5% and above	4	0.28	30,800,000	47.14
TOTAL	1436	100.00	65,340,000	100.00



Analysis of Shareholdings (continued)

2. THIRTY (30) LARGEST SHAREHOLDERS

Name	Shareholdings	%
1. Limbongan Resources Sdn Bhd	14,994,000	22.95
2. ECM Libra Securities Nominees (Tempatan) Sdn. Bhd. - Kumpulan Prasarana Rakyat Johor Sdn Bhd	10,200,000	15.61
3. OSK Nominees (Tempatan) Sdn Bhd - Kumpulan Prasarana Rakyat Johor Sdn Bhd	5,100,000	7.80
4. Mayban Nominees (Tempatan) Sdn. Bhd. pledged securities account for Dato' Lim Kang Yew	5,000,000	7.65
5. Alliancegroup Nominees (Tempatan) Sdn. Bhd. pledged securities account for Dato' Lim Kang Yew	3,235,000	4.95
6. Segi Satria Sdn. Bhd.	3,230,000	4.94
7. Lim Keng Cheng	2,283,000	3.49
8. Wong Yit Choy	1,350,000	2.07
9. Tan Lai Leng	1,062,000	1.63
10. Dato' Lim Kang Yew	1,060,000	1.62
11. Mohd Saini bin Kariman	1,050,000	1.61
12. Dato' Lim Kang Poh	1,014,600	1.55
13. Amsec Nominees (Tempatan) Sdn Bhd pledged securities account for Goh Eng Keong	901,500	1.38
14. Yap Shing @ Yap Sue Kim	809,800	1.24
15. Mohamad Nor bin Hamid	720,000	1.10
16. Khoo Nang Seng @ Khoo Nam Seng	633,000	0.97
17. Mayban Securities Nominees (Tempatan) Sdn Bhd pledged securities account for Pang Piu Fong	558,000	0.85
18. Roslee bin Daud	492,000	0.75
19. Mayban Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Cheong Meow Yen	453,000	0.69
20. Amsec Nominees (Tempatan) Sdn Bhd pledged securities account for Tan Leak Goh	426,000	0.65
21. Lee Hun Kheng	403,500	0.62
22. Hambali bin Idris	327,000	0.50
23. A.A. Assets Nominees (Tempatan) Sdn. Bhd. pledged securities account for Cha Mei Ping	310,800	0.48
24. A.A. Assets Nominees (Tempatan) Sdn. Bhd. pledged securities account for Wong Khai Shiang	292,000	0.45
25. Lim Hoe	289,000	0.44
26. Koh Chaw Huah	285,000	0.44
27. Loh Yu San	284,000	0.44
28. Mayban Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Naharuddin bin Nizam	281,500	0.43
29. Yap Song Yung	219,000	0.34
30. A.A. Assets Nominees (Tempatan) Sdn. Bhd. pledged securities account for Foo Suet Kum	210,000	0.32
TOTAL	57,473,700	87.96

Analysis of Shareholdings (continued)



3. SUBSTANTIAL SHAREHOLDERS SHAREHOLDINGS AS AT 12 AUGUST 2004

Name	Direct Shareholdings	%
1. Kumpulan Prasarana Rakyat Johor Sdn Bhd	15,300,000	23.42
2. Limbongan Resources Sdn Bhd	14,994,000	22.95
3. Dato' Lim Kang Yew	9,295,000	14.23
TOTAL	39,589,000	60.60

4. DIRECTORS' SHAREHOLDINGS

Shareholdings as at 12 August 2004

Name	Direct Shareholdings	%
1. Encik Johar Salim bin Yahaya	-	-
2. Dato' Lim Kang Yew	9,295,000	14.23
3. Dato' Lim Kang Hoo	-	-
4. Mr Sum Kwai Sang	-	-
5. Encik Azman bin Bachok @ Abd Majid	-	-
6. Dato' Hj Ibrahim bin Haji Keling	-	-
7. Ms Lim Soo San	-	-
8. Encik Hisham bin Mahmood	-	-
TOTAL	9,295,000	14.23



List of Properties

PARTICULARS OF PROPERTIES AS AT 31ST MARCH 2004

Location	Description / Existing Use	Age of Building	Area	Land 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	12 Years	226 sq.m (2,434sq.ft)	Freehold	558,200
2. H.S.(D) No.100241, PT No.62760, Mukim Plentong, Johor Darul Ta'zim	2-Storey Shop / Office Building Rented	16 Years	143.07 sq.m (1,540sq.ft)	Freehold	255,000
3. Lot 375, HS(M) 28582, PT 30603, 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	170,424
4. Lot 378, HS(M) 28585, PT 30606, 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	125,601
5. HS(M) 28398, PT 30419, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots / Vacant	-	1365.5 sq.m	Leasehold 99 years expiring on 10 Sep 2092	188,752
6. HS(M) 28402, PT 30423, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots / Vacant	-	1401.5 sq.m	Leasehold 99 years expiring on 10 Sep 2092	193,728
7. HS(M) 28454, PT 30475, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots / Vacant	-	1399.2 sq.m	Leasehold 99 years expiring on 10 Sep 2092	193,410
8. No.21 Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA , 81200 Johor Bahru, Johor Darul Takzim.	Apartments / Vacant	4 Years	1043 sq.m	Leasehold 99 years expiring on 22 March 2085	146,342
9. No.22 Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA , 81200 Johor Bahru, Johor Darul Takzim.	Apartments / Vacant	4 Years	1043 sq.m	Leasehold 99 years expiring on 22 March 2085	146,342
10.No.21 Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA , 81200 Johor Bahru, Johor Darul Takzim.	Apartments / Vacant	4 Years	1043 sq.m	Leasehold 99 years expiring on 22 March 2085	144,161
11.No.22 Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA , 81200 Johor Bahru, Johor Darul Takzim.	Apartments / Vacant	4 Years	1043 sq.m	Leasehold 99 years expiring on 22 March 2085	144,161



PEMBINAAN LIMBONGAN SETIA BERHAD (160032-K)

(Incorporated in Malaysia)

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 Seventeenth Annual General Meeting of the Company to be held on Tuesday, 28th day of September 2004 at 10.00 a.m. at Damai Utama Kelab Century Paradise, Jalan Melawati 3, Taman Melawati, 53100 Selangor Darul Ehsan.

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 Audited Financial Statements	[Resolution 1]		
2.	Approval of Directors' Fee	[Resolution 2]		
3.	Re-election of Directors :-			
	a. Dato' Lim Kang Yew (Article 117)	[Resolution 3]		
	b. Mr Sum Kwai Sang (Article 82)	[Resolution 4]		
	c. Dato' Lim Kang Hoo (Article 89)	[Resolution 5]		
4.	Declaration of First and Final Dividend	[Resolution 6]		
5.	Re-appointment of Auditors	[Resolution 7]		
6.	Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965	[Resolution 8]		
7.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or trading nature	[Resolution 9]		

Dated this _____ day of _____ 2004

Number of shares held

Signature of Shareholder (s)

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.

Fold this flap for sealing

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**AFFIX
STAMP**

THE COMPANY SECRETARIES
PEMBINAAN LIMBONGAN SETIA BHD
17C, WISMA LIMBONGAN SETIA
JALAN SG 3/4, TAMAN SERI GOMBAK
68100 BATU CAVES
SELANGOR DARUL EHSAN

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