Statement on Internal Control

Paragraph 15.27(b) of Bursa Malaysia Listing Requirements requires the Board of Directors of public listed companies to include in its annual reports a statement about the state of internal control of the listed issuer as a group. The Board is pleased to provide the following statements, which outlines the nature and scope of internal control of the Group during the year.

The Board acknowledges its responsibility for the Group'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 misstatements or fraud and is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board has established key activities to ensure 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.

The Board has formalised a comprehensive Risk Management Framework that 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.

The Audit Committee continuously evaluates and monitors the significant risks and controls through a formalised monitoring and reporting process. Regular reviews are conducted on a quarterly basis, with additional reviews as and when required.

These initiatives would ensure that the Group 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'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 to facilitate monitoring of the Group's financial performance. The Management headed by the Managing Director reviews and monitors the achievements of the Group'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'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 internal and external business information. Clear reporting structure enables the financial and operational reports are prepared periodically and presented to the Board or Management for discussion and review on a timely basis.

5. Internal Audit

The Group has outsourced its internal audit department to Advent Corporate Advisory that provides the Board with much of assurance it requires regarding to the adequacy and effectiveness of risk management and internal control. The internal audit independently reviews risk identification procedures and control processes implemented by the management, and reports to the Audit Committee on a quarterly basis. The results and any corrective action to address the risk and control issues identified during the audit are reported directly to the Audit Committee. The Audit Committee considers the reports from internal audit, before reporting and making recommendations to the Board in strengthening the risk management and internal control.

6. Board / Management Committees and Meetings

(i) Audit Committee

The Board has established an Audit Committee comprising three (3) Independent Non executive Directors. Details of composition, terms of reference and report of the Audit Committee are provided at page 19 of this Annual Report. The recommendations of the Audit Committee are tabled to the Board for its approval.

(ii) Project and Financial Meetings

The Senior Management presents their respective project review, operation performance review and the progress of the project undertaken, to the Board on quarterly basis. The Accountant presents the overall Group's financial performance at the meeting.

Conclusion

No significant control failure or weaknesses that would result in material losses or require disclosure in the Annual Report were identified during the financial year ended 31 March 2008.

Audit Committee Report

The Audit Committee was established by the Board of Directors on 16 November 1994 with the primary objectives to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of Pembinaan Limbongan Setia Berhad and oversee the compliance with the relevant rules and regulations governing listed companies.

The members of the Audit Committee are as follows:

Chairman

1. Dato' Haji Ibrahim Bin Haji Keling
(Independent Non-Executive Director)

Members

2. Encik Hisham Bin Mahmood
(Independent Non-Executive Director)

3. Miss Kang Hui Ling
(Independent Non-Executive Director / Member of the Malaysian Institute of Accountants)

4. Dato' Lim Kang Yew – resigned on 22 November 2007
(Non-Independent 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 (3) members, all of whom must be Non-Executive Directors with a majority of them being Independent Directors.

All members of the Audit Committee are financially literate and at least one is a member of the Malaysian Institute of Accountants.

The Audit Committee shall elect a chairperson from among its members who is an Independent Director.

2. *Meetings*

The Audit Committee may invite any person to attend the meetings. A quorum shall be two members, both being Independent Directors. The Company Secretary or any person appointed by the Audit Committee for this purpose shall act as secretary of the Audit Committee. However, the Audit Committee should meet with the external auditors without the Executive Board members' present at least twice a year.

3. *Authority*

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

4. *Access*

The Audit Committee shall have unlimited access to all information and documents relevant to its activities, to the External and Internal Auditors, and to Senior Management of the Company and its subsidiaries. The Audit Committee is also authorised to take such independent professional and legal advice as it considers necessary.

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:

   a. with the External Auditor, the scope and audit plan, including any changes on the planned scope of the audit plan;
   b. with the External Auditor, their audit report;
   c. the adequacy of the scope, functions and resources of the internal audit functions and the necessary authority to carry out its work;
   d. 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;
   e. the assistance given by the employees of the Company to the External and Internal Auditor;
   f. 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;
   g. 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;
   h. any letter of resignation from the External Auditors of the Company; and
   i. whether there is reason (supported by grounds) to believe that the Company's External Auditors is not suitable for re-appointment.

2. Recommend the nomination of External Auditors.

3. Reviewing the nomination of the Internal Auditors.

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee meets on quarterly basis with additional meetings held as and when necessary. A total of five (5) meetings were held during the financial year ended 31 March 2008. The representatives of External Auditors and Internal Auditors, 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 2008, the activities of the Audit Committee covered, among others, the following:

a. Reviewed financial statements including quarterly financial announcements to the Bursa Malaysia Securities Berhad 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.

b. Reviewed the External Auditors' reports in relation to their audit findings and the accounting issues arising from the audit.

c. Reviewed audit plan prepared by the External Auditors before the audit commences.

d. Reviewed audit fees of the External Auditors.

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE (Cont'd)

e. Reviewed the annual internal audit plan including its scope, basis of assessments and risks ratings of the proposed areas of audit.

f. Reviewed audit reports prepared by the Internal Auditors and the consideration of the major findings and the Management's response thereto.

ATTENDANCE AT MEETINGS

During the year ended 31 March 2008, the Audit Committee convened five (5) meetings. The attendances of the members of the Committee meetings during the financial year were as follows:

Name of Committee Member	Attendance
Dato' Haji Ibrahim Bin Haji Keling	5/5
Encik Hisham Bin Mahmood	4/5
Miss Kang Hui Ling	5/5
Dato' Lim Kang Yew – resigned on 22 November 2007	3/3

INTERNAL AUDIT FUNCTION

The internal audit function of the Group and Company is outsourced to Advent Corporate Advisory, an independent professional service 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 financial 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 and 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 Group's business objectives.

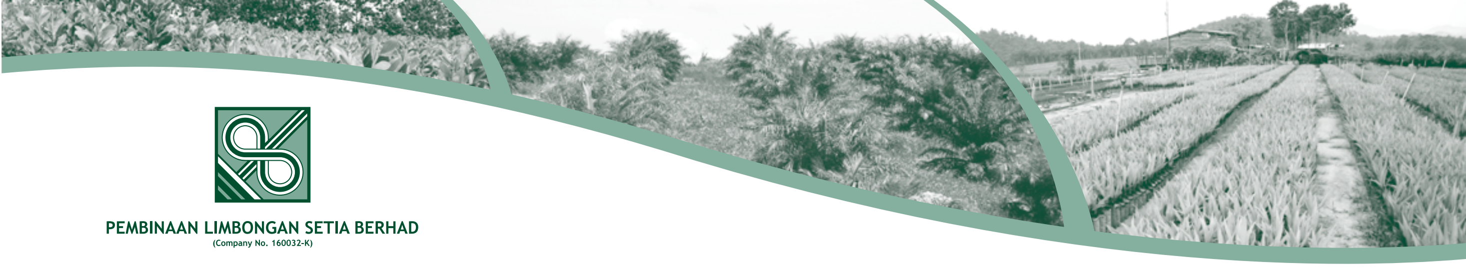
- Project planning and monitoring cycle with the objective of ensuring adequate policies and procedures are in place for projects to be completed in accordance to contract awarded to support the Group's business objectives.

- Purchasing and Sales Management of a subsidiary involving in management and operation of forest plantation.

- Other cycles with the objective of ensuring adequate policies and procedures are in place for accounting and cash management to support the Group's business objectives.

- All significant aspects of internal control including risks management, the control environment and control activities, information and communication and monitoring.

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.



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

Directors' Report
For The Year Ended 31 March 2008

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2008.

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 9 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
(Loss)/Profit attributable to:		
Shareholders of the Company	(3,094)	(4,108)
Minority interest	433	-
	(2,661)	(4,108)

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 and the Directors do not recommend any dividend to be paid during the year under review.

Directors of the Company

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

Johar Salim bin Yahaya
Dato' Lim Kang Yew
Dato' Hj Ibrahim bin Haji Keling
Dato' Lim Kang Hoo
Hisham bin Mahmood
Kang Hui Ling
Dato' Lim Kang Poh

Directors' interests

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

Directors' interests (Cont'd)

	Number of ordinary shares of RM0.20 each*			
	At 1.4.2007	**Share split**	**Sold**	**At 31.3.2008**
Interest of Dato' Lim Kang Yew in:				
Company	8,995,000	31,980,000	(11,000,000)	29,975,000

* The ordinary shares of RM1 each were subdivided into RM0.20 per ordinary share each during the financial year.

By virtue of his interests in the shares of the Company, Dato' Lim Kang Yew is 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 2008 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

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 certain 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 28 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 authorised and issued share capital were subdivided into 1,000,000,000 and 326,700,000 ordinary shares respectively via share split of each ordinary share of RM1 each into five (5) ordinary shares of RM0.20 each.

The share split was completed with listing and quotation of the new ordinary shares on the Second Board of Bursa Malaysia Securities Berhad on 22 October 2007.

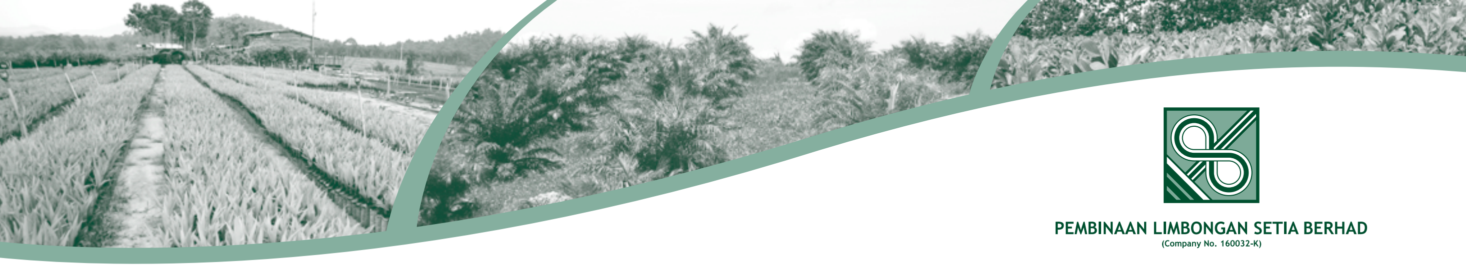
There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

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 balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:



Other statutory information (Cont'd)

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.

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, the results of the operations of the Group and of the Company for the financial year ended 31 March 2008 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 on behalf of the Board of Directors in accordance with a resolution of the Directors:

Johar Salim bin Yahaya

Dato' Lim Kang Yew

Kuala Lumpur,

Date: 28 July 2008

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 29 to 68 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 March 2008 and of their financial performance and cash flows for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Johar Salim bin Yahaya

Dato' Lim Kang Yew

Kuala Lumpur,
Date: 28 July 2008

Statutory Declaration

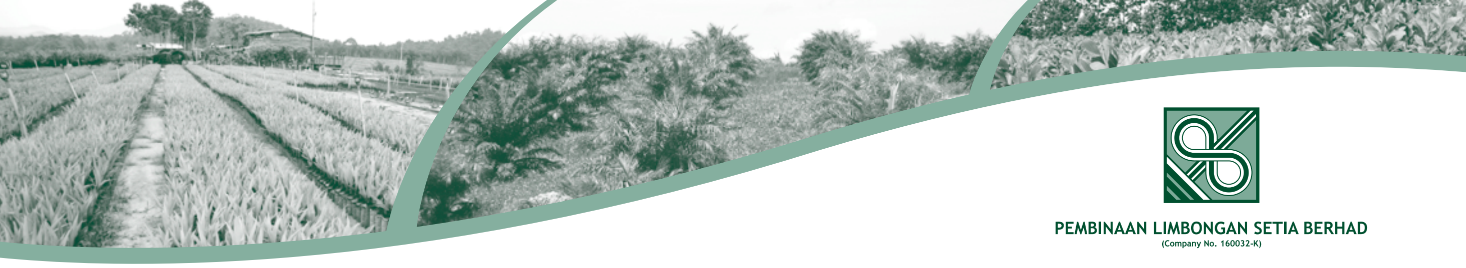
Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Hei Kum Hong,** 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 29 to 68 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 28 July 2008.

Hei Kum Hong

Before me:
Mohd Radzi Bin Yasin
Commission for Oaths
No. W327
Kuala Lumpur



Independent Auditors' Report To The Members of Pembinaan Limbongan Setia Berhad

Report on the Financial Statements

We have audited the financial statements of Pembinaan Limbongan Setia Berhad, which comprise the balance sheets as at 31 March 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 68.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2008 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report To The Members of Pembinaan Limbongan Setia Berhad (Cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 9 to the financial statements.

c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

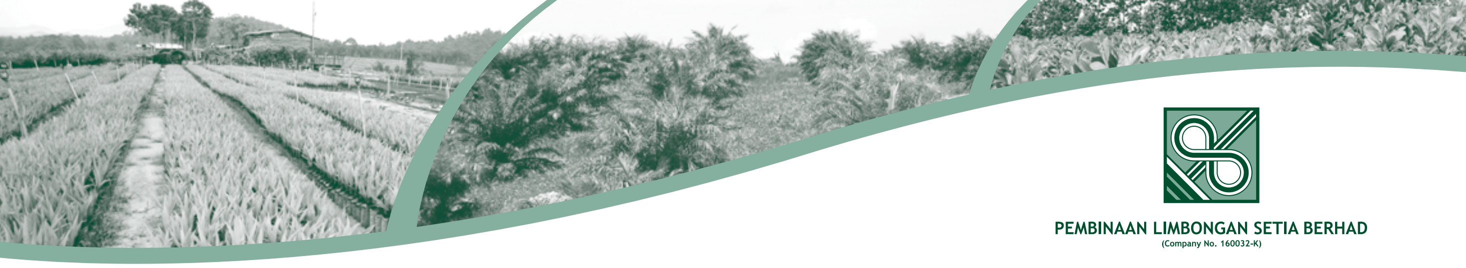
This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Chong Dee Shiang
Approval Number: 2782/09/08(J)
Chartered Accountant

Date: 28 July 2008

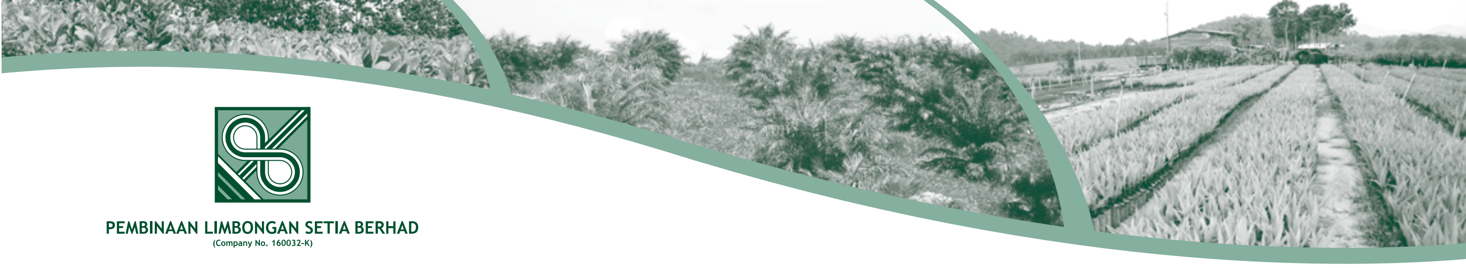
Petaling Jaya, Selangor



Balance Sheets at 31 March 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Assets					
Property, plant and equipment	3	37,883	26,713	1,770	1,194
Intangible assets	4	1,223	1,223	-	-
Prepaid lease payments	5	9,932	10,538	1,192	1,206
Investment property	6	531	6,823	531	6,823
Forest plantation project	7	31,109	31,731	-	-
Deferred interests	8	12,894	14,112	-	-
Investments in subsidiaries	9	-	-	1,491	1,491
Total non-current assets		93,572	91,140	4,984	10,714
Inventories	10	2,469	4,565	-	-
Receivables, deposits and prepayments	11	14,198	27,051	30,851	39,981
Current tax assets		-	801	-	217
Assets classified as held for sale	12	6,152	-	6,152	-
Cash and cash equivalents	13	29,844	27,497	27,980	26,100
Total current assets		52,663	59,914	64,983	66,298
Total assets		146,235	151,054	69,967	77,012
Equity					
Share capital		65,340	65,340	65,340	65,340
Reserves		4,621	4,621	4,621	4,621
Retained earnings/(Accumulated losses)		3,285	6,379	(6,249)	(2,141)
Total equity attributable to shareholders of the Company		73,246	76,340	63,712	67,820
Minority interest		3,969	3,536	-	-
Total equity	14	77,215	79,876	63,712	67,820
Liabilities					
Amount due to Johor State Government	15	48,254	48,591	-	-
Borrowings	16	783	684	405	209
Deferred tax liabilities	17	1,047	1,915	-	-
Total non-current liabilities		50,084	51,190	405	209
Payables and accruals	18	15,819	15,163	5,478	8,813
Amount due to Johor State Government	15	2,193	4,049	-	-
Borrowings	16	911	776	359	170
Taxation		13	-	13	-
Total current liabilities		18,936	19,988	5,850	8,983
Total liabilities		69,020	71,178	6,255	9,192
Total equity and liabilities		146,235	151,054	69,967	77,012

The notes on pages 34 to 68 are an integral part of these financial statements.



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

Income Statements

For The Year ended 31 March 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Continuing operations					
Revenue					
- Contract revenue		1,157	3,976	1,157	3,976
- Sale of goods		31,606	51,271	-	-
- Logging income		1,830	-	-	-
- Management fees		510	144	-	-
		35,103	55,391	1,157	3,976
Cost of goods sold					
- Contract costs recognised as an expense		(2,380)	(2,530)	(2,380)	(2,530)
- Cost of goods sold		(27,358)	(39,929)	-	-
Gross profit/(loss)		5,365	12,932	(1,223)	1,446
Other income		1,076	2,128	545	1,858
Administrative expenses		(5,363)	(4,317)	(767)	(640)
Other expenses		(3,630)	(3,226)	(2,996)	(2,859)
Results from operating activities		(2,552)	7,517	(4,441)	(195)
Interest income		533	614	533	614
Finance costs	19	(1,348)	(1,314)	(38)	(7)
(Loss)/Profit before tax	20	(3,367)	6,817	(3,946)	412
Tax expense	22	706	504	(162)	36
(Loss)/Profit for the year		(2,661)	7,321	(4,108)	448
Attributable to:					
Shareholders of the Company		(3,094)	5,244	(4,108)	448
Minority interest		433	2,077	-	-
(Loss)/Profit for the year		(2,661)	7,321	(4,108)	448
			Restated		
Basic earnings per ordinary share (sen)	23	(0.95)	1.61		

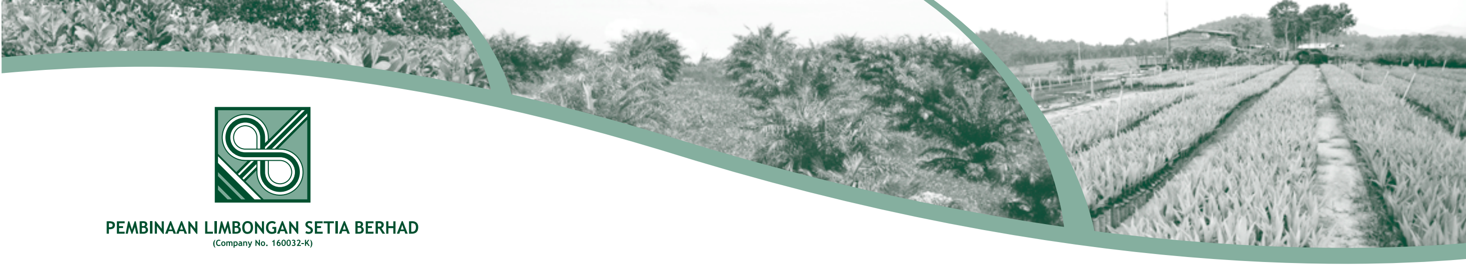
The notes on pages 34 to 68 are an integral part of these financial statements.

Statements of Changes In Equity
For The Year ended 31 March 2008

Group	← *Attributable to shareholders of the Company* *Non-distributable* Share capital RM'000	Share premium RM'000	*Distributable* Retained earnings RM'000	Total RM'000 →	Minority interest RM'000	Total equity RM'000
At 1 April 2006	65,340	4,621	1,135	71,096	1,459	72,555
Profit for the year	-	-	5,244	5,244	2,077	7,321
At 31 March 2007/ 1 April 2007	65,340	4,621	6,379	76,340	3,536	79,876
(Loss)/Profit for the year	-	-	(3,094)	(3,094)	433	(2,661)
At 31 March 2008	65,340	4,621	3,285	73,246	3,969	77,215

Company	*Non-distributable* Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total RM'000
At 1 April 2006	65,340	4,621	(2,589)	67,372
Profit for the year	-	-	448	448
At 31 March 2007/1 April 2007	65,340	4,621	(2,141)	67,820
Loss for the year	-	-	(4,108)	(4,108)
At 31 March 2008	65,340	4,621	(6,249)	63,712

The notes on pages 34 to 68 are an integral part of these financial statements.



Cash Flow Statements

For The Year ended 31 March 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(3,367)	6,817	(3,946)	412
Adjustments for:					
Amortisation of prepaid lease payments	5	606	606	14	14
Amortisation of forest plantation project	7	622	1,159	-	-
Amortisation of deferred interests	8	1,218	1,218	-	-
Depreciation of property, plant and equipment	3	4,298	3,501	365	181
Depreciation of investment property	6	140	109	140	109
Gain on disposal of property, plant and equipment	20	(242)	(1,095)	(242)	(1,095)
Gain on disposal of leasehold land	20	-	(111)	-	(111)
Interest expense		130	96	38	7
Interest income		(533)	(614)	(533)	(614)
Property, plant and equipment written off	20	65	220	17	-
Operating profit/(loss) before working capital		2,937	11,906	(4,147)	(1,097)
Changes in working capital:					
Inventories		2,096	(470)	-	-
Receivables, deposits and prepayments		10,158	(3,670)	8,664	(109)
Payables and accruals		656	(7,989)	(3,111)	(4,088)
Amount due to Johor State Government		(2,193)	-	-	-
Cash generated from/(used in) operations		13,654	(223)	1,406	(5,294)
Income taxes refund/(paid)		652	797	68	(203)
Net cash generated from/(used in) operating activities		14,306	574	1,474	(5,497)

Cash Flow Statements

For The Year ended 31 March 2008 (Cont'd)

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash flows from investing activities					
Interest received		533	614	533	614
Proceeds from disposal of property, plant and equipment		242	1,173	242	1,095
Purchase of property, plant and equipment	(ii)	(11,309)	(5,778)	(16)	(40)
Subscription of shares in a subsidiary		-	-	-	(600)
Repayments/Advances from subsidiaries		-	-	242	456
Net cash (used in)/generated from investing activities		(10,534)	(3,991)	1,001	1,525
Cash flows from financing activities					
Withdrawals in pledged deposits placed with licensed banks		9	480	9	480
Interest paid		(130)	(96)	(38)	(6)
Repayments of finance lease liabilities		(1,295)	(845)	(557)	(75)
Net cash (used in)/generated from financing activities		(1,416)	(461)	(586)	399
Net increase/(decrease) in cash and cash equivalents		2,356	(3,878)	1,889	(3,573)
Cash and cash equivalents at 1 April		26,457	30,335	25,060	28,633
Cash and cash equivalents at 31 March	(i)	28,813	26,457	26,949	25,060

i) Cash and cash equivalents

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

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash and bank balances	16,409	15,233	14,545	13,836
Deposits with licensed banks (excluding deposits pledged)	12,404	11,224	12,404	11,224
	28,813	26,457	26,949	25,060

ii) Acquisition of property, plant and equipment

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM15,533,000 and RM958,000 (2007 - RM6,802,000 and RM328,000) respectively, of which RM1,529,000 and RM942,000 (2007 - RM1,024,000 and RM288,000) respectively were acquired by means of finance lease and RM2,695,000 (2007 – Nil) and Nil (2007 - Nil) respectively was capitalised from prepayments.

The notes on pages 34 to 68 are an integral part of these financial statements.

Notes To The Financial Statements

Pembinaan Limbongan Setia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad. The address of its registered office which is also its principal place of business is as follow:

Registered office/ Principal place of business
17C, Wisma Limbongan Setia
Jalan SG 3/4
Taman Seri Gombak
68100 Batu Caves
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 March 2008 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 March 2008 do not include other entities.

The Company is principally engaged in the undertaking of civil engineering and construction works while the principal activities of other Group entities are as stated in Note 9.

The financial statements were approved by the Board of Directors on 28 July 2008.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the provisions of the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The MASB has issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 April 2007 that have not been applied in preparing these financial statements:

FRSs / Interpretations	**Effective date**
FRS 107, *Cash Flow Statements*	1 July 2007
FRS 111, *Construction Contracts*	1 July 2007
FRS 112, *Income Taxes*	1 July 2007
FRS 118, *Revenue*	1 July 2007
FRS 120, *Accounting for Government Grants and Disclosure of Government Assistance*	1 July 2007
Amendment to FRS 121, *The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation*	1 July 2007
FRS 134, *Interim Financial Reporting*	1 July 2007
FRS 137, *Provisions, Contingent Liabilities and Contingent Assets*	1 July 2007
FRS 139, *Financial Instruments: Recognition and Measurement*	To be announced

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

FRSs / Interpretations	Effective date
IC Interpretation 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 July 2007
IC Interpretation 2, *Members' Shares in Co-operative Entities and Similar Instruments*	1 July 2007
IC Interpretation 5, *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 July 2007
IC Interpretation 6, *Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*	1 July 2007
IC Interpretation 7, *Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies*	1 July 2007
IC Interpretation 8, *Scope of FRS 2*	1 July 2007

The Group and the Company plan to apply the abovementioned FRSs and Interpretations for the annual period beginning 1 April 2008 except for FRS 139, Financial Instruments: Recognition and measurement which the effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

In this set of financial statements, the Group and the Company have adopted FRS 124, Related Party Disclosure which is effective for annual periods beginning on or after 1 October 2006. There is no material impact on the financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

1. Basis of preparation (Cont'd)

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 17 – recognition of unutilised tax losses
- Note 26 – contingencies

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

2. Significant accounting policies (Cont'd)

a) Basis of consolidation (Cont'd)

(ii) Changes in Group composition (Cont'd)

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Minority interest

Minority interest at the balance sheet date, being the portion of the net assets (excluding goodwill) of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

2. Significant accounting policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements.

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is completed, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statements.

(iii) Plantation development expenditure

Plantation development expenditure represents pre-cropping costs incurred on land preparation, construction of drains, roads and irrigation, fertilisation, plant and planting, labour and any general overheads directly attributed to the development of the rootstock.

Pre-cropping costs incurred are capitalised at cost and amortised based on production volume over the useful life of 25 years of the rootstock commencing from the date of maturity of the rootstock.

Interest costs on borrowing costs that are directly attributed to new planting or replanting incurred prior to maturity are also included in the pre-cropping costs.

(iv) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

2. Significant accounting policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(v) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Plant and machineries	5 years
Office equipment	3 – 10 years
Motor vehicles	5 years
Fixture and fittings	5 – 10 years
Chipping plant factory	33 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(d) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Other leases are operating leases and, except for leasehold land classified as prepaid lease payments, the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2. Significant accounting policies (Cont'd)

(e) Forest plantation project

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 2(m).

(f) Intangible assets

Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

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

Goodwill with indefinite useful lives is tested for impairment annually and whenever there is an indication that it may be impaired.

(g) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

2. Significant accounting policies (Cont'd)

(g) Investment property (Cont'd)

(ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Significant assumptions in arriving at the fair value of investment properties are disclosed in Note 6.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost of inventories includes raw material, direct labour, and a proportion of operating overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(j) Non-current assets held for sale

Non-current assets or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

2. Significant accounting policies (Cont'd)

(j) Non-current assets held for sale (Cont'd)

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

(k) Constructions work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of receivables, deposits and prepayments in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

(l) Cash and cash equivalents

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

(m) Impairment of assets

The carrying amounts of assets except for inventories, assets arising from construction contracts, deferred tax assets and financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

2. Significant accounting policies (Cont'd)

(m) Impairment of assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(n) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

2. Significant accounting policies (Cont'd)

(p) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(q) Revenue recognition

(i) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statements in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statements.

(ii) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(iii) Logging income

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

(iv) Management fee

Management fee is recognised when services are rendered and on an accrual basis.

(v) Rental income

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(r) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

2. Significant accounting policies (Cont'd)

(r) Interest income and borrowing costs (Cont'd)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(s) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

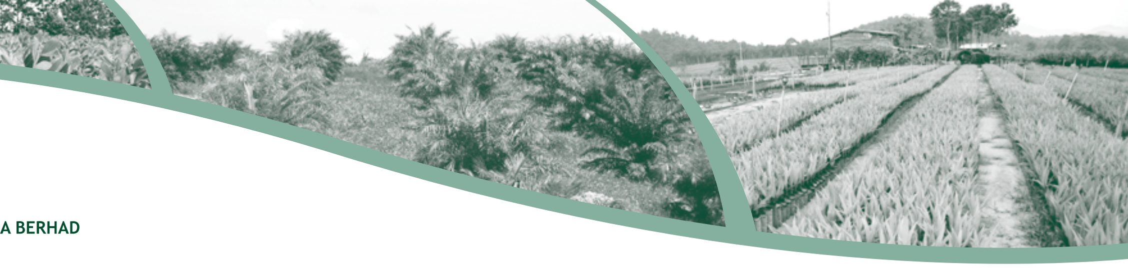
A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.



Notes To The Financial Statements (Cont'd)

3. Property, plant and equipment

Group **Cost**	**Note**	**Freehold land RM'000**	**Buildings RM'000**	**Plant and machineries RM'000**	**Office equipment RM'000**	**Motor vehicles RM'000**	**Fixture and fittings RM'000**	**Chipping plant factory RM'000**	**Plantation development expenditure RM'000**	**Capital work-in progress RM'000**	**Total RM'000**
At 1 April 2006		98	590	16,326	1,328	5,769	843	5,061	-	-	30,015
Additions		-	-	3,363	55	624	38	44	1,276	1,401	6,801
Transfer from forest plantation project	7	-	-	-	-	-	-	-	6,916	-	6,916
Disposals		-	-	(1,644)	-	(527)	-	-	-	-	(2,171)
Write-off		-	-	(270)	-	(30)	-	-	-	-	(300)
At 31 March 2007/ 1 April 2007		98	590	17,775	1,383	5,836	881	5,105	8,192	1,401	41,261
Additions		-	246	1,356	29	996	57	196	12,653	-	15,533
Disposals		-	-	-	-	(1,497)	-	-	-	-	(1,497)
Write-off		-	-	(54)	(198)	(4)	-	-	-	-	(256)
Reclassification		-	1,401	52	-	(52)	-	-	-	(1,401)	-
At 31 March 2008		98	2,237	19,129	1,214	5,279	938	5,301	20,845	-	55,041
Depreciation											
At 1 April 2006		-	153	6,723	1,024	4,829	216	275	-	-	13,220
Charge for the year		-	12	2,747	89	351	150	152	-	-	3,501
Disposals		-	-	(1,644)	-	(449)	-	-	-	-	(2,093)
Write-off		-	-	(49)	-	(31)	-	-	-	-	(80)
At 31 March 2007/ 1 April 2007		-	165	7,777	1,113	4,700	366	427	-	-	14,548
Charge for the year		-	12	3,358	81	529	159	159	-	-	4,298
Disposals		-	-	-	-	(1,497)	-	-	-	-	(1,497)
Write-off		-	-	(5)	(186)	-	-	-	-	-	(191)
Reclassification		-	-	5	-	(5)	-	-	-	-	-
At 31 March 2008		-	177	11,135	1,008	3,727	525	586	-	-	17,158
Carrying amounts											
At 1 April 2006		98	437	9,603	304	940	627	4,786	-	-	16,795
At 31 March 2007/ 1 April 2007		98	425	9,998	270	1,136	515	4,678	8,192	1,401	26,713
At 31 March 2008		98	2,060	7,994	206	1,552	413	4,715	20,845	-	37,883

3. Property, plant and equipment (Cont'd)

Company Cost	Freehold land RM'000	Buildings RM'000	Plant and machineries RM'000	Office equipment RM'000	Motor vehicles RM'000	Fixture and fittings RM'000	Total RM'000
At 1 April 2006	98	590	3,669	1,215	4,698	96	10,366
Additions	-	-	-	8	320	-	328
Disposals	-	-	(1,644)	-	(447)	-	(2,091)
Write-off	-	-	-	-	(30)	-	(30)
At 31 March 2007/ 1 April 2007	98	590	2,025	1,223	4,541	96	8,573
Additions	-	-	-	8	950	-	958
Disposals	-	-	-	-	(1,497)	-	(1,497)
Write-off	-	-	-	(198)	(4)	-	(202)
At 31 March 2008	98	590	2,025	1,033	3,990	96	7,832
Depreciation							
At 1 April 2006	-	153	3,652	989	4,433	91	9,318
Charge for the year	-	12	9	59	100	1	181
Disposals	-	-	(1,644)	-	(446)	-	(2,090)
Write-off	-	-	-	-	(30)	-	(30)
At 31 March 2007/ 1 April 2007	-	165	2,017	1,048	4,057	92	7,379
Charge for the year	-	12	6	46	300	1	365
Disposals	-	-	-	-	(1,497)	-	(1,497)
Write-off	-	-	-	(185)	-	-	(185)
At 31 March 2008	-	177	2,023	909	2,860	93	6,062
Carrying amounts							
At 1 April 2006	98	437	17	226	265	5	1,048
At 31 March 2007/ 1 April 2007	98	425	8	175	484	4	1,194
At 31 March 2008	98	413	2	124	1,130	3	1,770

3.1 Leased plant and machinery

At 31 March 2008, the net carrying amount of leased motor vehicles and plant and machinery of the Group and the Company were RM2,414,000 and RM1,127,000 (2007 - RM1,509,000 and RM471,000) respectively.

4. Intangible assets

Group	Goodwill RM'000
Cost	
At 1 April 2006/31 March 2007/1 April 2007/31 March 2008	1,223
Impairment loss	
At 1 April 2006/31 March 2007/1 April 2007/31 March 2008	-
Carrying amounts	
At 1 April 2006/31 March 2007/1 April 2007/31 March 2008	1,223

4.1 Impairment testing for goodwill

Goodwill of RM1,223,000 (2007 – RM1,223,000) represents the unamortised balance of goodwill arising from consolidation of a subsidiary, Aramijaya Sdn. Bhd.

The recoverable amount is estimated based on its value in use and it is higher than the carrying amount of the investment in the subsidiary. Hence, there is no impairment loss recognised during the year.

Value in use was determined by discounting the future cash flows generated from the continuing operations of the subsidiary and was based on the following key assumptions:

- Revenue and cash flows were projected based on actual operating results.
- There was no change in the selling price.
- Costs were assumed to increase by 3% per annum.

The key assumptions represent management's assessment of future operations and are based on both external sources and internal sources (historical data).

5. Prepaid lease payments

Group	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Cost			
At 1 April 2006	11,504	1,559	13,063
Disposals	-	(309)	(309)
At 31 March 2007/1 April 2007/31 March 2008	11,504	1,250	12,754
Amortisation			
At 1 April 2006	1,580	50	1,630
Amortisation for the year	592	14	606
Disposals	-	(20)	(20)
At 31 March 2007/1 April 2007	2,172	44	2,216
Amortisation for the year	592	14	606
At 31 March 2008	2,764	58	2,822
Carrying amounts			
At 1 April 2006	9,924	1,509	11,433
At 31 March 2007/1 April 2007	9,332	1,206	10,538
At 31 March 2008	8,740	1,192	9,932

5. Prepaid lease payments (Cont'd)

Company	Unexpired period more than 50 years RM'000
Cost	
At 1 April 2006	1,559
Disposals	(309)
At 31 March 2007/1 April 2007/ 31 March 2008	1,250
Amortisation	
At 1 April 2006	50
Amortisation for the year	14
Disposals	(20)
At 31 March 2007/1 April 2007	44
Amortisation for the year	14
At 31 March 2008	58
Carrying amounts	
At 1 April 2005	1,509
At 31 March 2007/1 April 2007	1,206
At 31 March 2008	1,192

The titles of leasehold land of the Group and the Company with net book value of RM1,192,000 (2007 - RM1,206,000) are in the process of being transferred to the Company as the finalisation of the transfer is pending the approval from the relevant authorities.

6. Investment property

Group and Company	Note	Freehold land and building RM'000	Leasehold buildings Unexpired period more than 50 years RM'000	Total RM'000
Cost				
At 1 April 2006		-	626	626
Additions		6,375	-	6,375
At 31 March 2007/1 April 2007		6,375	626	7,001
Transfer to assets held for sale	12	(6,375)	-	(6,375)
At 31 March 2008		-	626	626
Accumulated depreciation				
At 1 April 2006		-	69	69
Depreciation for the year		96	13	109
At 31 March 2007/1 April 2007		96	82	178
Depreciation for the year		127	13	140
Transfer to assets held for sale	12	(223)	-	(223)
At 31 March 2008		-	95	95
Carrying amounts				
At 1 April 2006		-	557	557
At 31 March 2007/1 April 2007		6,279	544	6,823
At 31 March 2008		-	531	531
Fair value				
At 1 April 2006		-	580	580
At 31 March 2007/1 April 2007		6,585	550	7,135
At 31 March 2008		-	635	635

The strata titles of buildings of the Group and the Company with net book value of RM531,000 (2007 - RM544,000) are in the process of being transferred to the Company as the finalisation of the transfer is pending the approval from the relevant authorities.

All the investment properties are determined based on market values except for properties with carrying value of RM531,000 (2007 - RM544,000) where the fair values are determined by considering the aggregate of the estimated cash flows expected to be received from renting out the property using yield rates of 6.75% (2007 - 2.33%).

The following are recognised in the income statement in respect of investment properties:

	Group and Company 2008 RM'000	2007 RM'000
Rental income	22	29
Direct operating expenses:		
- income generating investment properties	13	13
- non-income generating investment properties	127	96

7. Forest plantation project

	Note	Group 2008 RM'000	Group 2007 RM'000
Cost			
At 1 April		35,429	42,879
Transfer to plantation development expenditure	3	-	(7,450)
At 31 March		35,429	35,429
Accumulated amortisation			
At 1 April		3,698	3,073
Amortisation charge for the year	20	622	1,159
Transfer to plantation development expenditure	3	-	(534)
At 31 March		4,320	3,698
Carrying amount		31,109	31,731

On 4 December 2002, the Company and a subsidiary, Aramijaya Sdn. Bhd. ("Aramijaya") entered into a Privatisation Agreement with the Johor State Government and YPJ Holdings Sdn. Bhd. ("YPJH") for the maintenance, operation and management of 35,223 hectares of forest plantation land for a period of 60 years. The areas consist of 20,168 hectares of Acacia cultivated area, 5,754 hectares of unplanted area, 3,661 hectares of mining land and 5,640 hectares of water logged area. In addition, 2,897 hectares of agricultural land with 99 years lease was also alienated to YPJH, and was sub-leased to Aramijaya for 99 years less one day. A total consideration of RM62,269,805 is therefore, payable to the Johor State Government for the concession and alienation (Note 15).

The Johor State Government had previously agreed to grant to YPJH the right to undertake the Forest Plantation Project. However, YPJH has agreed to undertake the project through a joint venture company, Aramijaya, in which the Company and YPJH will hold 70% and 30% of the equity respectively. For that purpose, a Joint Venture Agreement dated 4 December 2002 was signed between the Company and YPJH. Pursuant to this Joint Venture Agreement, Aramijaya shall pay a sum of RM5 million per annum for ten (10) years to YPJH commencing financial year ended 31 March 2003 being advances made on expected minimum sum of profit for YPJH's 30% share in the operations of Aramijaya.

The consideration for the above project is to be repayable by instalments over the remaining stipulated repayment period of eighteen (18) years from the date of Privatisation Agreement. To arrive at the present value of the deferred consideration for the forest plantation project, the Directors of Aramijaya assumed a discount rate which reflected current market assessments that approximated the prevailing cost of borrowings. The difference between the consideration payable and the present value of deferred privatisation consideration was classified as deferred interests (see Note 8).

On 3 June 2003, the Company executed a guarantee in favour of the Johor State Government guaranteeing the instalment payments of Aramijaya.

Subsequent to the execution of the Privatisation Agreement, YPJH was offered by the Johor State Government an agricultural land of 2,897 hectares for alienation. Aramijaya discovered a large portion of the land was water logged and unsuitable for plantation development.

In a letter dated 20 May 2005, the Johor State Government indicated that two plots of agricultural land measuring approximately 850 hectares and 2,047 hectares respectively, will be swapped with the previously offered agricultural land.

On 13 July 2006, the Johor State Government has alienated to YPJH one plot of agricultural land measuring 850 hectares which was then sub-leased to Aramijaya on 8 October 2007 for a period of ninety nine (99) years less one (1) day from 13 July 2006 till 11 July 2105. The remaining plot of 1,991 hectares of land was alienated to YPJH on 22 October 2007 and then sub-leased to Aramijaya on 12 June 2008 for the period of ninety nine (99) years less one (1) day from 22 October 2007 till 20 October 2106.

8. Deferred interests

	Note	Group 2008 RM'000	Group 2007 RM'000
Cost			
At 1 April/31 March		19,391	19,391
Accumulated amortisation			
At 1 April		5,279	4,061
Amortisation charge for the year	19	1,218	1,218
At 31 March		6,497	5,279
Carrying amount		12,894	14,112

Deferred interests represent the difference between the privatisation consideration of RM62,270,000 (2007 - RM62,270,000) and the present value of forest plantation project of RM35,429,000 (2007 - RM35,429,000) (Note 7) and plantation development expenditure of RM7,450,000 (2007 - RM7,450,000) (Note 3).

The deferred interests are recognised as interest expense over the repayment period of the privatisation consideration.

9. Investments in subsidiaries

	Company 2008 RM'000	Company 2007 RM'000
Unquoted shares, at cost	1,491	1,491

Details of the subsidiaries are as follow:

Name of subsidiary	Principal activities	Country of incorporation	Effective ownership interest 2008 %	Effective ownership interest 2007 %
Aramijaya Sdn. Bhd.	Management and operation of a forest plantation, logging, saw milling, chipping, other downstream manufacturing and related activities and oil palm plantation.	Malaysia	70	70
Limbongan-Ekovest Management Sdn. Bhd.*	Investment holding and management	Malaysia	51	51
Ikhlasi Bina Sdn. Bhd.*	Civil engineering and building works	Malaysia	100	100

* Not audited by KPMG.

10. Inventories

	Group 2008 RM'000	Group 2007 RM'000
Timber logs	828	1,996
Woodchip	1,450	2,569
Pallet	27	-
Sawn timber	50	-
Consumables	114	-
	2,469	4,565

Inventories recognised as cost of sales amounted to RM27,358,000 (2007 - RM39,929,000).

11. Receivables, deposits and prepayments

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Current					
Trade					
Trade receivables		3,476	8,469	2,123	6,357
Less: Allowance for doubtful debts		(793)	(807)	(744)	(744)
	11.1	2,683	7,662	1,379	5,613
Retention sums receivable		878	2,362	878	2,363
Construction work-in- progress	11.2	606	3,514	606	3,514
Amount due from related parties	11.3	1,772	521	-	-
		5,939	14,059	2,863	11,490
Non-trade					
Other receivables, deposits and prepayments	11.4	8,259	12,992	74	111
Amount due from subsidiaries	11.5	-	-	27,914	28,380
		8,259	12,992	27,988	28,491
		14,198	27,051	30,851	39,981

11.1 Trade receivables

Inclueded in trade receivables of the Group and of the Company are advances made to sub-contractors amounting to RM383,000 (2007 - RM816,000), which are unsecured and interest free.

11. Receivables, deposits and prepayments (Cont'd)

11.2 Construction work-in-progress

	Group and Company 2008 RM'000	Group and Company 2007 RM'000
Aggregate costs incurred to date	19,081	92,024
Add: Attributable profits	2,817	7,199
Less: Foreseeable losses	(92)	(846)
	21,806	98,377
Less: Progress billings	(21,200)	(94,863)
	606	3,514

	Group and Company 2008 RM'000	Group and Company 2007 RM'000
Additional to aggregate costs incurred during the year include:		
Depreciation of property, plant and equipment	-	3

11.3 Amount due from related parties

The amount due from related parties is unsecured, interest free and subject to negotiated terms.

11.4 Other receivables, deposits and prepayments

Included in other receivables, deposits and prepayments of the Group are:

i) an amount of RM2.5 million (2007 - RM2.5 million) in respect of performance deposit paid to YPJH as security towards Aramijaya's performance and undertaking a major role in the proposed privatisation of forest plantation project (see Note 7).

ii) an amount of RM5 million (2007 - RM5 million) paid to YPJH in respect of advances made on expected minimum sum of profit for YPJH's 30% share in Aramijaya (see Note 7).

iii) an amount of Nil (2007 - RM2,695,000) paid to YPJH in respect of land premium for agricultural land at Mukim Mersing, Daerah Mersing, Johor.

11.5 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

12. Assets classified as held for sale

The assets held for sale comprise three units of bungalow lots which were previously classified as investment properties. The sales and purchase agreements have been signed during the year and sales are expected to be completed by next financial year. At 31 March 2008, the assets held for sale are as follows:

12. Assets classified as held for sale (Cont'd)

	Note	Group and Company 2008 RM'000	Group and Company 2007 RM'000
Assets classified as held for sale			
Investment property			
Cost	6	6,375	-
Accumulated depreciation	6	(223)	-
		6,152	-

13. Cash and cash equivalents

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Deposits placed with licensed banks	13,435	12,264	13,435	12,264
Cash and bank balances	16,409	15,233	14,545	13,836
	29,844	27,497	27,980	26,100

The deposits with licensed banks of RM1,031,000 (2007 - RM1,040,000) of the Group and the Company are held under lien for overdraft facility granted to the Group and to the Company. The overdraft facility is not utilised at year end.

14. Capital and reserves

14.1 Share capital

	Group and Company Amount 2008 RM'000	Number of shares 2008 '000	Amount 2007 RM'000	Number of shares 2007 '000
Ordinary shares				
Authorised:				
At 1 January	200,000	200,000	200,000	200,000
Effect of share split*	-	800,000	-	-
	200,000	1,000,000	200,000	200,000
Issued and fully paid:				
At 1 January	65,340	65,340	65,340	65,340
Effect of share split**	-	261,360	-	-
At 31 December	65,340	326,700	65,340	65,340

* During the year, the authorised share capital of the Company was amended from RM200,000,000 comprising 200,000,000 ordinary shares of RM1 each into RM200,000,000 comprising 1,000,000,000 ordinary shares of RM0.20 each.

** During the year, the par value of existing ordinary shares of RM1 each have been subdivided into RM0.20 each.

14. Capital and reserves (Cont'd)

14.2 Share premium

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

14.3 Section 108 tax credit

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 March 2008 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

15. Amount due to Johor State Government

Group

The amount due to Johor State Government represents the privatisation consideration payable in accordance with the payment schedule stated in the Privatisation Agreement over a year of eighteen (18) years from 1 October 2001 (Note 7). At the date of signing of the Privatisation Agreement, the total privatisation consideration amounted to RM62,270,000 and comprises the following:

	RM'000
Federal Loans	47,718
State's Expenditure	11,059
Cash Advance	3,493
	62,270

Included in Federal Loans is an amount of RM13,080,000 or USD 3,442,000 disbursed by the Federal Government to the Johor State Government in USD currency and had been translated into Malaysian currency for the purpose of the payment schedule at the prevailing exchange rate of USD1.00 = RM3.80.

Pursuant to the Privatisation Agreement, the Company has undertaken to provide a corporate guarantee in favour of the Johor 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 instalment payment of RM9,630,000 to the Johor State Government. During the year, the Company paid an amount of RM2,193,000 (2007 - Nil) to the Johor State Government. The movement in amount due to Johor State Government is as follows:

	2008 RM'000	2007 RM'000
Total privatisation consideration payable	62,270	62,270
Less: Instalment paid	(11,823)	(9,630)
	50,447	52,640

15. Amount due to Johor State Government (Cont'd)

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

	2008 RM'000	2007 RM'000
Current	2,193	4,049
Non-current	48,254	48,591
	50,447	52,640

On 1 October 2002, Aramijaya has defaulted the second instalment payment to Johor State Government based on the initial repayment schedule. Thus, included in the amount due to Johor State Government in the previous year was five (5) instalment payments which were due on 1 October 2002, 1 October 2003, 1 October 2004, 1 October 2005 and 1 October 2006 respectively totalling RM23,858,000.

In the event of delay in payments of any instalments, Aramijaya, unless otherwise agreed by the Johor State Government, is liable to pay interest at 1.5% above the prevailing base lending rate of Malayan Banking Berhad on the outstanding instalment sum calculated on daily basis commencing from the date of delay until the outstanding amount is paid in full.

In the opinion of the Directors of Aramijaya, Aramijaya will be able to obtain a waiver of the interest charged on the overdue instalments of RM6.8 million (2007- RM5.3 million), which has not been accrued for.

On 18 December 2007, the Johor State Government has approved a revised repayment schedule where the remaining instalment payments will be repayable in eleven (11) unequal instalments starting from 1 January 2008 until 1 January 2018. The first instalment from the revised schedule amounting to RM2,193,000 was paid during the financial year.

16. Borrowings

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current				
Finance lease liabilities	911	776	359	170
Non-current				
Finance lease liabilities	783	684	405	209

16.1 Terms and debt repayment schedule

Finance lease liabilities of the Group and of the Company is subject to a fixed interest rates ranging from 2.33% to 4.53% (2007 - 2.35% to 4.53%) per annum and 2.33% to 2.53% (2007 - 2.53% to 4.10%) per annum respectively.

16. Borrowings (Cont'd)

16.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum lease payments 2008 RM'000	Interest 2008 RM'000	Principal 2008 RM'000	Minimum lease payments 2007 RM'000	Interest 2007 RM'000	Principal 2007 RM'000
Less than one year	1,000	89	911	866	90	776
Between one and five years	837	54	783	749	65	684
	1,837	143	1,694	1,615	155	1,460
Company						
Less than one year	385	26	359	184	14	170
Between one and five years	415	10	405	219	10	209
	800	36	764	403	24	379

17. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property, plant and equipment	(124)	(262)	1,796	1,791	1,672	1,529
Forest plantation	-	-	685	1,191	685	1,191
Provisions	-	(16)	-	-	-	(16)
Tax loss carry-forwards	(801)	(789)	-	-	(801)	(789)
Unabsorbed capital allowances	(509)	-	-	-	(509)	-
Tax (assets)/ liabilities	(1,434)	(1,067)	2,481	2,982	1,047	1,915
Set off	1,434	1,067	(1,434)	(1,067)	-	-
Net tax liabilities	-	-	1,047	1,915	1,047	1,915

17. Deferred tax assets and liabilities (Cont'd)

Unrecognised deferred tax assets

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

	Group and Company	
	2008 RM'000	2007 RM'000
Deductible temporary differences	795	519
Tax loss carry-forwards	18,461	14,446
	19,256	14,965
Unrecognised deferred tax assets @ 25% (2007 - 26%)	4,814	3,891

The 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 can utilise the benefits there from.

18. Payables and accruals

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade					
Trade payables		5,251	6,442	1,655	4,410
Retention sums payable		2,711	3,746	2,711	3,746
Amount due to related parties	18.1	3,673	1,712	-	-
		11,635	11,900	4,366	8,156
Non-trade					
Other payables and accrued expenses		4,184	3,263	880	201
Amount due to subsidiary	18.2	-	-	232	456
		4,184	3,263	1,112	657
		15,819	15,163	5,478	8,813

18.1 Amount due to related parties

The amount due to related parties is unsecured, interest free and subject to negotiated terms except for an amount of RM33,000 (2007 - RM37,000) which is subject to interest at 6% (2007 - 6%) per annum with a fixed term of repayment.

18.2 Amount due to subsidiary

The amount due to subsidiary is unsecured, interest free and repayable on demand.

19. Finance costs

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Amortisation of deferred interest	8	1,218	1,218	-	-
Finance lease interest		130	96	38	7
		1,348	1,314	38	7

20. (Loss)/Profit before tax

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
(Loss)/Profit before tax is arrived at after charging:					
Allowance for doubtful debts		-	25	-	-
Amortisation of forest plantation project	7	622	1,159	-	-
Amortisation of prepaid lease payments	5	606	606	14	14
Auditors' remuneration					
- Audit services					
Auditors of the Company		62	62	42	42
Other auditors		1	1	-	-
Depreciation of property, plant and equipment	3	4,298	3,501	365	181
Depreciation of investment property	6	140	109	140	109
Personnel expenses (including key management personnel)					
- Contributions to Employees Provident Fund		480	532	91	100
- Wages, salaries and others		7,329	8,686	1,749	1,941
Property, plant and equipment written off		65	220	17	-
Realised foreign exchange loss		686	205	-	-
Retention receivable written off		-	622	-	622
Rental of plant and machinery		1,831	2,155	-	6
Rental of premises		160	299	108	113
Rental of motor vehicles		95	140	-	-
and after crediting :					
Gain on disposal of property, plant and equipment		242	1,095	242	1,095
Gain on disposal of leasehold land		-	111	-	111
Rental income from hire of					
- Motor vehicle		78	61	-	-
- Plant and machinery		261	151	-	-
Rental income from investment property		22	29	22	29
Reversal of allowance for doubtful debts		14	-	-	-

21. Key management personnel compensation

The key management personnel compensations are as follows:

	Group and Company 2008 RM'000	Group and Company 2007 RM'000
Directors:		
- Fees	25	25
- Remuneration	571	571
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	36	42
Total short-term employee benefits	632	638

22. Tax expense

Recognised in the income statement

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Tax expense	(706)	(504)	162	(36)
Major components of tax expense include:				
Current tax expense				
Malaysian - current year	158	173	158	173
- prior year	4	(209)	4	(209)
Total current tax	162	(36)	162	(36)
Deferred tax expense				
Origination and reversal of temporary differences	(930)	484	-	-
Under/(Over)provision in prior year	62	(952)	-	-
Total deferred tax	(868)	(468)	-	-
Total tax expense	(706)	(504)	162	(36)
Reconciliation of effective tax expense				
(Loss)/Profit for the year	(2,661)	7,321	(4,108)	448
Total tax expense	(706)	(504)	162	(36)
(Loss)/Profit excluding tax	(3,367)	6,817	(3,946)	412
Tax at Malaysian tax rate	(875)	1,841	(1,026)	111
Effect of change in tax rate*	7	110	49	302
Non-deductible expenses	451	335	212	96
Forest premium allowed for deduction	(1,278)	(1,321)	-	-
Deferred tax assets now recognised	-	(952)	-	(952)
Deferred tax assets not recognised	923	-	923	-
Other items	-	644	-	616
	(772)	657	158	173
Under /(Over)provided in prior years	66	(1,161)	4	(209)
	(706)	(504)	162	(36)

* The corporate tax rates are 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

23. Earnings per ordinary share - Group

23.1 Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2008 was based on the net loss attributable to ordinary shareholders of RM3,094,000 (2007 - net profit attributable to ordinary shareholders of RM5,244,000) and the number of ordinary shares outstanding during the year of 326,700,000 (2007 - 326,700,000).

	Group	
	2008	**2007**
	'000	**'000**
		(Restated)
Issued ordinary shares at 1 April	65,340	65,340
Effect of share split	261,360	261,360
Weighted average number of ordinary shares at 31 March	326,700	326,700

The previous year earnings per ordinary share has been restated based on profit attributable to ordinary shareholders of RM5,244,000 and the number of ordinary shares outstanding during the year of 326,700,000 ordinary shares after taking into consideration of subdivision of 261,360,000 ordinary shares of RM0.20 each.

24. Segmental reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

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 loans and borrowings related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

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.
Plantation	Management and operation of forest plantation, logging, saw milling, chipping and other downstream manufacturing and related activities, and operation of oil palm plantation.

Geographical segments

The activities of the Group are carried out in Malaysia and accordingly no segmental reporting by geographical location is presented.

24. Segmental information (Cont'd)

Business segments	Construction 2008 RM'000	Construction 2007 RM'000	Management Service 2008 RM'000	Management Service 2007 RM'000	Plantation 2008 RM'000	Plantation 2007 RM'000	Consolidated 2008 RM'000	Consolidated 2007 RM'000
Total segment revenue	1,157	3,976	510	144	33,436	51,271	35,103	55,391
Segment result	(4,442)	(201)	4	(50)	1,886	7,768	(2,552)	7,517
Result from operating activities							(2,552)	7,517
Interest income							533	614
Finance costs							(1,348)	(1,314)
(Loss)/Profit before tax							(3,367)	6,817
Tax expense							706	504
(Loss)/Profit for the year							(2,661)	7,321
Segment assets	40,916	47,361	1,445	1,843	102,651	100,627	145,012	149,831
Unallocated assets							1,223	1,223
Total assets							146,235	151,054
Segment liabilities	6,027	8,828	703	639	62,290	61,711	69,020	71,178
Capital expenditure	958	6,702	-	-	14,575	6,474	15,533	13,176
Depreciation	505	290	2	2	3,931	3,318	4,438	3,610
Amortisation of deferred interests	-	-	-	-	1,218	1,218	1,218	1,218
Amortisation of forest plantation project	-	-	-	-	622	1,159	622	1,159
Amortisation of prepaid lease payments	13	14	-	-	593	592	606	606
Non-cash expenses other than depreciation and and amortisation	17	622	-	-	48	245	65	867

25. Financial instruments

Financial risk management objectives and policies

Exposure to credit risk, foreign currency risk, liquidity risk and interest rate risk arises in the normal course of the Group's business. The Group's policy for managing these risks is summarised below.

Credit risk

The exposure to credit risk is monitored by the management on an ongoing basis. The Group does not require collateral in respect of financial assets. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

25. Financial instruments (Cont'd)

Foreign currency risk

The Group is exposed to foreign currency risk on sales that are denominated in a currency other than the respective functional currencies of the Company. The currency giving rise to this risk is primarily U.S. Dollars ("USD").

The Group does not hedge its foreign currency exposure and the management is monitoring these exposures on an ongoing basis.

Liquidity risk

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

Interest rate risk

Interest earnings financial assets of the Group are mainly deposits placed with licensed banks that attract interest income. The Group has interest bearing financial liabilities with fixed interest rates. However, the fluctuation in interest rate, if any, is not expected to have a material impact on the result of the Group.

Effective interest rates and repricing analysis

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

Fixed rate instruments	Average effective interest rate %	Total RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 - 5 years RM'000
2008					
Group					
Deposits placed with licensed banks	3.06	13,435	13,435	-	-
Finance lease liabilities	2.33 - 4.53	(1,694)	(911)	(651)	(132)
Amount due to related party	6.00	(33)	(33)	-	-
		11,708	12,491	(651)	(132)
Company					
Deposits placed with licensed banks	3.06	13,435	13,435	-	-
Finance lease liabilities	2.33 - 2.35	(764)	(359)	(361)	(44)
		12,671	13,076	(361)	(44)
2007					
Group					
Deposits placed with licensed banks	3.06	12,264	12,264	-	-
Finance lease liabilities	2.33 - 4.53	(1,460)	(776)	(427)	(257)
Amount due to related party	6.00	(37)	(37)	-	-
		10,767	11,451	(427)	(257)
Company					
Deposits placed with licensed banks	3.06	12,264	12,264	-	-
Finance lease liabilities	2.33 - 2.35	(379)	(170)	(109)	(100)
		11,885	12,094	(109)	(100)

25. Financial instruments (Cont'd)

Fair values

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments and payables and accruals, approximate fair values due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees for credit facilities to a subsidiary. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiary and the third parties defaulting on the credit lines is remote.

The aggregate fair value of the other financial liabilities carried on the balance sheet as at 31 March 2008 are shown below:

	2008		2007	
Group	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Amount due to Johor State Government	50,447	-	52,640	-
Less : Deferred interest	(12,893)	-	(14,111)	-
	37,554	37,554	38,529	38,529
Finance lease liabilities	1,694	1,687	1,460	1,591
	39,248	39,241	39,989	40,120
Company				
Financial liabilities				
Finance lease liabilities	764	790	379	396

Estimation of fair value

The fair value of amount due to Johor State Government has been determined by discounting the relevant cash flows repayment using approximate current interest rate. For this purpose, the fair vale of amount due to Johor State Government is based on the net carrying amount less net carrying amount of deferred interest (Note 8).

For the other financial liabilities, fair value are determined using estimated future cash flows discounted using market related rate for similar instrument at the balance sheet date the interest rate used to discount estimated cash flows are as follows:

	2008	**2007**
Leases	2.24% -3.75%	2.33% - 2.35%

26. Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

26. Contingencies (Cont'd)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unsecured				
Performance bond to third parties in respect of projects	409	409	409	409
Performance bond to third party in respect of a project of a subsidiary	250	-	250	-
Corporate guarantee to third party in respect of purchasing of machinery by a subsidiary	740	758	740	758
Corporate guarantee to third party in respect of purchasing of motor vehicle by a subsidiary	191	321	191	321
Corporate guarantee to Johor State Government in respect of payment by a subsidiary	50,447	52,640	50,447	52,640
	52,037	54,128	52,037	54,128

27. Material litigations

Company

A contractor filed a claim against the Company for a breach of RM10.4 million. The Company has counter claimed for a sum of RM4.7 million, alleging that the contractor has breached their obligations for a sub-contract work together with interest of 8% per annum from the date of the filing of defence until the date of full realisation. The case is scheduled for a full trial in July 2009.

The Directors are of the opinion that there is no merit to the claim by the contractor and the Company has a good defence to the contractor's claim.

28. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group.

The Group has related party relationship with the following companies, which are deemed related to the Directors and major shareholders as follow:

i) Ekovest Construction Sdn. Bhd., Danga Bay Sdn. Bhd., Limbongan Setia Corporation Sdn. Bhd., Wengcon Holdings Sdn. Bhd., Wengcon Equipment Sdn. Bhd., Wengcon Marketing Sdn. Bhd., Wengcon Machinery Sdn. Bhd., Hi- Plus Development Sdn. Bhd., and Segi Gemilang Sdn. Bhd. are deemed related to Dato' Lim Kang Hoo, Dato' Lim Kang Yew and Dato' Lim Kang Poh; and

ii) Felda Ekovest Sdn. Bhd. and Ekovest Berhad are deemed related to Dato' Lim Kang Hoo.

28. Related parties (Cont'd)

Related party transactions

The significant related party transactions of the Group and Company, other than key management personnel compensation, are as follows:

Type of transactions	Related party	2008 RM'000	2007 RM'000
Group			
Sale of plant and machinery, wood products, building materials	Danga Bay Sdn. Bhd.	(570)	-
	Wengcon Marketing Sdn. Bhd.	(77)	-
Purchases, rental of machinery and equipment and purchase of building materials	Wengcon Marketing Sdn. Bhd.	3,610	3,978
	Wengcon Equipment Sdn. Bhd.	-	179
	Danga Bay Sdn. Bhd.	52	-
	Wengcon Holdings Sdn. Bhd.	915	943
	Wengcon Machinery Sdn. Bhd.	229	310
	Wengcon Equipment Sdn. Bhd.	107	-
	Segi Gemilang Sdn. Bhd.	1,200	1,200
Company			
Rental of premises	Limbongan Setia Corporation Sdn. Bhd.	108	108
Secondment fee	Ikhlasi Bina Sdn. Bhd.	713	456

Balance with related parties are disclosed in Note 11 and Note 18. These transactions have been entered into in the normal course of business and have been established under negotiated terms.

ANALYSIS OF SHAREHOLDING AS AT 11 AUGUST 2008

Authorised Share Capital	:	RM200,000,000
Issue and Fully Paid-up	:	RM65,340,000
Class of Shares	:	Ordinary shares of RM0.20 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	46	4.79	786	0.00
100 - 1,000	182	18.95	69,414	0.02
1,001 - 10,000	342	35.63	1,991,700	0.61
10,001 - 100,000	297	30.94	9,176,400	2.81
100,001 - less than 5%	89	9.27	149,016,700	45.61
5% and above	4	0.42	166,445,000	50.95
TOTAL	**960**	**100.00**	**326,700,000**	**100.00**

Analysis of Shareholdings (Cont'd)

2. THIRTY (30) LARGEST SHAREHOLDERS

	Name	Shareholdings	%
1.	Limbongan Resources Sdn. Bhd.	59,970,000	18.35
2.	ECML Nominees (Tempatan) Sdn. Bhd. - Kumpulan Prasarana Rakyat Johor Sdn Bhd	51,000,000	15.61
3.	Dato' Lim Kang Yew	29,975,000	9.18
4.	OSK Nominees (Tempatan) Sdn Bhd - Kumpulan Prasarana Rakyat Johor Sdn Bhd	25,500,000	7.80
5.	Limbongan Resources Sdn. Bhd.	15,000,000	4.59
6.	Segi Satria Sdn. Bhd.	14,773,500	4.52
7.	Dato' Lim Kang Poh	10,573,000	3.24
8.	Lim Keng Cheng	9,124,500	2.79
9.	Yap Shing @ Yap Sue Kim	6,260,500	1.91
10.	Kencang Kuasa Sdn. Bhd.	4,080,000	1.24
11.	Amsec Nominees (Tempatan) Sdn. Bhd. pledged securities account for Goh Eng Keong	4,022,000	1.23
12.	Terusan Al-Maju Sdn. Bhd.	4,000,000	1.22
13.	Koh Hong Seng	3,703,500	1.13
14.	Khoo Nang Seng @ Khoo Nam Seng	3,165,000	0.96
15.	Wong Yit Choy	3,080,000	0.94
16.	Loh Yu San	3,060,000	0.93
17.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Pang Piu Fong	2,937,500	0.89
18.	Roslee bin Daud	2,927,400	0.89
19.	HSBC Nominees (Asing) Sdn. Bhd. – Bintang Mas Consulting Ltd	2,924,000	0.89
20.	ECML Nominees (Tempatan) Sdn. Bhd. pledged securities account for Yap Kok Woon	2,852,700	0.87
21.	A.A. Anthony Nominees (Tempatan) Sdn Bhd pledged securities account for Wong Kim Leng	2,642,500	0.80
22.	TCL Nominees (Tempatan) Sdn. Bhd. pledged securities account for Mohamad Nor bin Hamid	2,595,000	0.79
23.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Cheong Meow Yen	2,267,500	0.69
24.	Hambali bin Idris	2,050,000	0.62
25.	A.A. Anthony Nominees (Tempatan) Sdn Bhd pledged securities account for Tan Wen Shiow	1,870,300	0.57
26.	Cheong Meow Yen	1,828,500	0.55
27.	Tung Foong Ngoh	1,583,000	0.48
28.	Yong Huoy Ping	1,500,000	0.45
29.	Tan Leak Goh	1,490,000	0.45
30.	Ooi Keng Thye	1,485,000	0.45
	TOTAL	**278,240,400**	**85.02**

3. SUBSTANTIAL SHAREHOLDERS

Shareholdings as at 11 August 2008

Name	*Direct Shareholdings*	*%*	*Indirect Shareholdings*	*%*
1. Kumpulan Prasarana Rakyat Johor Sdn Bhd	76,500,000	23.42	-	-
2. Limbongan Resources Sdn Bhd	74,970,000	22.95		
3. Dato' Lim Kang Yew	29,975,000	9.18	-	-
4. En Lokman bin Omar	-	-	74,970,000	22.95
5. Lim Keng Guan	-	-	74,970,000	22.95
TOTAL	**181,445,000**	**55.55**		

4. DIRECTORS' SHAREHOLDINGS

	Shareholdings as at 11 August 2008			
Name	*Direct Shareholdings*	*%*	*Indirect Shareholdings*	*%*
1. Encik Johar Salim bin Yahaya	-	-	-	-
2. Dato' Lim Kang Yew	29,975,000	9.18	-	-
3. Dato' Lim Kang Hoo	-	-	-	-
4. Dato' Lim Kang Poh	10,573,000	3.24	-	-
5. Dato' Haji Ibrahim bin Haji Keling	-	-	-	-
6. Encik Hisham bin Mahmood	-	-	-	-
7. Ms Kang Hui Ling	-	-	-	-
8. Mr Lee Hun Kheng	-	-	-	-
TOTAL	**40,548,000**	**12.42**		

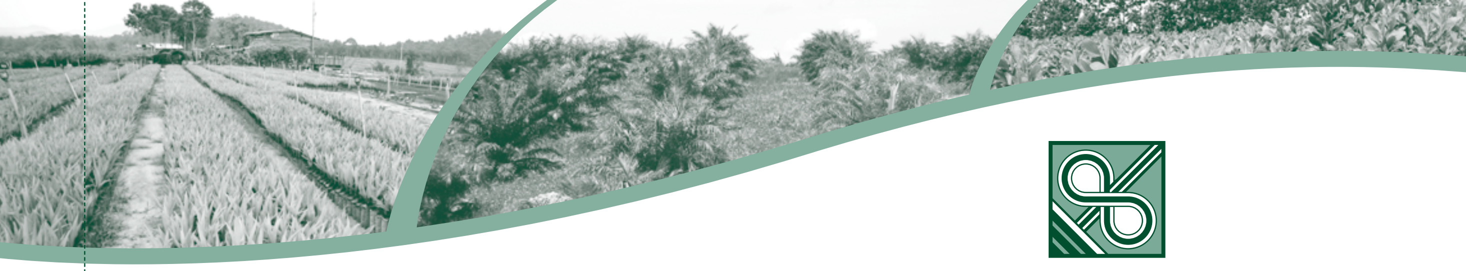
List of Properties As At 31 March 2008

No	Location	Description /Existing Use	Area	Land tenure	Age of Building	Date of Acquisition	Net Book Value RM'000
1	H.S. (D) No. 9469, PT No. 7923, Mukim Batu Caves, Selangor Darul Ehsan.	4-Storey Shop/ Head Office Building	226.00 sq. m (2,434 sq.ft)	Freehold	16 Years	31.03.1992	511
2	HS (M) 28398, PT 30419, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang.	Bungalow Lots/ Vacant	1,365.50 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	31.03.2003	180
3	HS (M) 28402, PT 30423, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang.	Bungalow Lots/ Vacant	1,401.50 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	31.03.2003	185
4	HS (M) 28454, PT 30475, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang.	Bungalow Lots/ Vacant	1,399.20 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	31.03.2003	185
5	HS (M) 28556, PT 30557, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang.	Bungalow Lots/ Vacant	1,206.40 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	02.02.2005	173
6	HS (M) 28619, PT 30640, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang.	Bungalow Lots/ Vacant	1,602.10 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	02.02.2005	230
7	HS (M) 28620, PT 30641, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang.	Bungalow Lots/ Vacant	1,662.90 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	02.02.2005	239
8	No. 21, Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Rented	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	8 Years	15.09.2000	134

List of Properties (Cont'd)

No	Location	Description /Existing Use	Area	Land tenure	Age of Building	Date of Acquisition	Net Book Value RM'000
9	No. 22, Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/Vacant	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	8 Years	15.09.2000	133
10	No. 21, Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/Rented	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	8 Years	15.09.2000	132
11	No. 22, Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/Rented	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	8 Years	15.09.2000	132
12	Plot 12, Jalan Simen 1, Kawasan Pelabuhan Johor, 81700 Pasir Gudang, Johor.	Chipping Plant factory	621,863 sq. ft.	Leasehold 19 years expiry on 22 Mar 2023	3 Years	30.04.2004	13,455
13	No. G-12, No. 1-12, No. 2-12, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru.	3-Storey Shop Office	3,360 sq. ft	Freehold	1 Year	05.10.2006	824
14	No.G-14, No. 1-14, No.2-14, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru	3-Storey Shop Office	3,360 sq. ft	Freehold	1 Year	05.10.2006	823

The group has not revalued any of its properties.



PEMBINAAN LIMBONGAN SETIA BERHAD
(Company No. 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 Twenty-First Annual General Meeting of the Company to be held on Thursday, 25th day of September 2008 at 10.00 a.m. at Meeting Room, KKlub, 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 Hoo (Article 82) [Resolution 3] b. Ms Kang Hui Ling (Article 82) [Resolution 4] c. Mr Lee Hun Kheng (Article 89) [Resolution 5]		
4. Re-election of Dato Haji Ibrahim bin Haji Keling Section 129 (6) [Resolution 6]		
5. Re-appointment of Auditors [Resolution 7]		
6. **ORDINARY RESOLUTION 1** Authority to Issue Shares pursuant to Section 132D Of the Companies Act, 1965 [Resolution 8]		
ORDINARY RESOLUTION 2 Renewal of Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or trading nature [Resolution 9]		

Dated this ______________ day of ______________ 2008

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 sealing

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

Fold this flap sealing