PLB ENGINEERING BERHAD

PLB國雲集團有限公司

(418224-X)

PLB-KH Bina Sdn Bhd • PLB Land Sdn Bhd • PLB Terang Sdn Bhd • PLB Green Construction Sdn Bhd • Era Pujaan Sdn Bhd • Excelgrand Properties Sdn Bhd • Hektar Pujaan Sdn Bhd • PLB Leisure Sdn Bhd • Gaintrend Sdn Bhd •

PLB Alam Sdn Bhd • Landsdale Development Sdn Bhd • Pelangi Sehati Development Sdn Bhd • Sebadi Corporation Sdn Bhd • Builtonlands Palm Sdn Bhd • PLB Ventures Sdn Bhd •

Indah Mulia Development Sdn Bhd • Fattigold Sdn Bhd • Diligent Success Sdn Bhd • Dynabricks Sdn Bhd • PLB-Wonder Bay Development Sdn Bhd •

PLB Steel Engineering Sdn Bhd • QM Power Machinery Sdn Bhd • United Empire Development Sdn Bhd •

annual report 2011

PLB Group

www.plb.com.my

www.plbhomes.com.my

Vision & Mission

CORPORATE VISION

To be a progressive and technology-driven global conglomerate by capitalizing on our core business, while seeking new opportunities to constantly enhance the economic value for our stakeholders.

CORPORATE MISSION

❖

Focusing on customer needs which meet their requirements and drive their success.

❖

Applying Information Technology to enhance our business efficiency and Supply Chain Management.

❖

Monitor continued improvement and upgrade our operation technologies, facilities and Human Resource capabilities.

❖

Inculcate a passion for excellence and commitment while contributing towards nation building and welfare of society.

❖

Supporting our enterprising employees through "Intrapreneurship" schemes.

❖

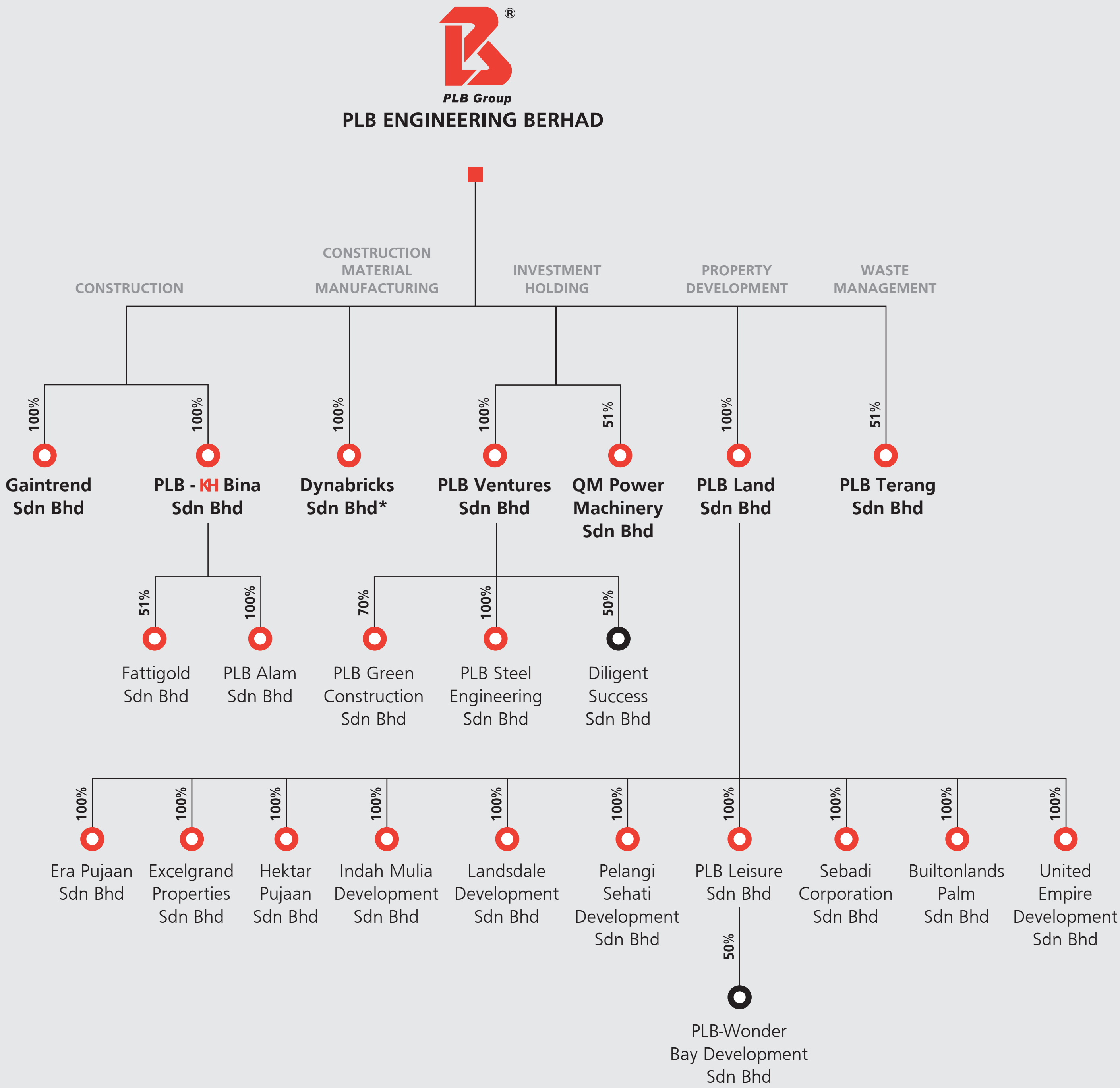
Identifying new ventures for growth.

Contents

Corporate Information

Board of Directors	**Dato' Ong Choo Hoon** *(Group Executive Chairman)* **Dato' Dr. Ong Seng Soon** *(Group Managing Director)* **Tengku Dato' Naizatul Shima Bt Tengku Abd Murad Shah Alhaj** *(Non-Independent Non-Executive Director)* **Encik Mardzukhi Bin Abu Bakar** *(Executive Director)* **Dato' Mohd. Shariff Bin Ibrahim** *(Alternate Director to Encik Mardzukhi Bin Abu Bakar)* **Madam Ong Guat Beng** *(Executive Director)* **Mr. Ong Seng Chye** *(Executive Director)* **Mr. Saw Chin Eng** *(Independent Non-Executive Director)* **Dato' Noordin Bin Md. Noor** *(Independent Non-Executive Director)* **Madam Teoh Siew Tin** *(Independent Non-Executive Director)*
Company Secretaries	Mr. Chee Wai Hong (MIA 17181) Ms Foo Li Ling (MAICSA 7019557)
Registered Office	51-13-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel. : 04-2289700 Fax : 04-2279800 E-mail : enquiry@fastrack.com.my
Auditors	Messrs Grant Thornton 51-8-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel : 04-2287828 Fax : 04-2279828
Share Registrar	Agriteum Share Registration Services Sdn. Bhd. 2nd Floor, Wisma Penang Garden 42 Jalan Sultan Ahmad Shah 10050 Penang Tel : 04-2282321 Fax : 04-2272391
Audit Committee	Chairman Mr. Saw Chin Eng *(Independent Non-Executive Director)* Members Dato' Noordin Bin Md. Noor *(Independent Non-Executive Director)* Madam Teoh Siew Tin *(Independent Non-Executive Director)*
Bankers	OCBC Bank (Malaysia) Berhad AmBank (M) Berhad RHB Bank Berhad Malayan Banking Berhad AmIslamic Bank Berhad Alliance Bank Malaysia Berhad Hong Leong Bank Berhad Public Bank Berhad Citibank Berhad
Solicitors	Messrs Azman Davidson & Co. Messrs Ghazi & Lim Messrs Mahinder Singh Dulku & Co. Messrs Presgrave & Matthews Messrs Ramli Amar Jit & Tan Messrs Salina Lim Kim Chuan & Co.
Stock Exchange Listing	Main Market of Bursa Malaysia Securities Berhad Stock Short Name: PLB Stock Code : 7055

Corporate Structure



Subsidiary   Associate Company

* Ceased operation

Directors’ Profile

Dato’ Ong Choo Hoon

Group Executive Chairman
Member of the Remuneration Committee

Dato’ Ong Choo Hoon, a Malaysian aged 72, was appointed to the Board of the Company on 11 October 1997 as the Group Executive Chairman. Dato’ Ong is the founder of the PLB Group with more than 48 years of experience in machinery, engineering and construction industry. After having been actively involved in machinery engineering contracts and provision of maintenance services from 1962 to 1975, Dato’ Ong subsequently ventured into the construction business in 1976 and was the primary moving force behind a number of the Group’s successful property development projects over the years. He is responsible for the overall management and strategic planning of the PLB Group.

Dato’ Ong is an honorary member of The People's Volunteer Corps (RELA) since 2010.

Dato’ Ong represents PLB-KH Bina Sdn Bhd (“PKH”), a wholly owned subsidiary of the Company, as the patron of the Penang State Foundry and Engineering Industries Association.

Dato’ Ong does not hold any other directorships in public companies.

Dato’ Ong is the father of Dato’ Dr. Ong Seng Soon, Madam Ong Guat Beng and Mr. Ong Seng Chye who are also Executive Directors of the Company. He is a director and major shareholder of Leading Builders Sdn. Bhd., which is a major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past ten years.

Dato’ Dr. Ong Seng Soon

Group Managing Director
Chairman of the Corporate Governance Committee

Dato’ Dr. Ong Seng Soon, a Malaysian aged 46, was appointed as the Group Managing Director of the Company on 11 October 1997. He holds a degree of Doctorate of Philosophy in Construction Management from Clayton University, United States of America. He joined PKH as a Site Engineer in 1989 and was responsible for the site and construction management of all major construction projects undertaken by PKH. Since his appointment to the Board of PKH and the Company, his in-depth knowledge of the construction industry has contributed significantly to the growth and the expansion of PLB Group. Dato’ Dr. Ong oversees the operations management, corporate development and business development of PLB Group.

Dato’ Dr. Ong is the Chairman of the Corporate Governance Committee and various working committees in the Group. He is a Major (Associate Officer) of the Department of Civil Defence Malaysia (Ministry of Internal Security), a member of the Board of Engineers of Malaysia, a graduate member of the Institute of Engineers, Malaysia, Vice President of Penang Chinese Chamber of Commerce, represents PKH as an Alternate Committee Member of Penang Master Builders & Building Materials Dealers Association and Director of Penang Han Chiang Associated Chinese Schools Association.

Dato’ Dr. Ong does not hold any other directorships in public companies.

Dato’ Dr. Ong is the son of Dato’ Ong Choo Hoon and the brother of Madam Ong Guat Beng and Mr. Ong Seng Chye. He is a director and major shareholder of Leading Builders Sdn. Bhd., which is a major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past ten years.

Directors' Profile (Cont'd)

Tengku Dato' Naizatul Shima Bt Tengku Abd Murad Shah Alhaj

Non-Independent Non-Executive Director

Tengku Dato' Naizatul Shima, a Malaysian aged 45, was appointed to the Board of the Company on 28 October 2010 as an Independent Non-Executive Director of the Company. Tengku Dato' holds a Bachelor of Arts (Mass Communications) degree from Universiti Teknologi Mara obtained in 1991 and was conferred the awards of Darjah Sultan Abd Aziz Shah (SSA 1994), Darjah Setia Pangkuan Negeri (DSPN) in 2001 as well as Darjah Sultan Ahmad Shah (DSAP) in 2010.

Tengku Dato' began her corporate career in 1991 with UMW Holdings Berhad in public affairs and Perusahaan Otomobil Perodua Sdn Bhd before moving to Sony (Malaysia) Sdn Bhd in 1998 as the General Manager. Currently, Tengku Dato' is the Executive Chairman of Terang Bersih Sdn Bhd, a company which specialises in waste management disposal and had been awarded with contracts by the States of Pahang and Terengganu. Tengku Dato' is also the Chairman of Suasa Efektif (M) Sdn Bhd, the sole parking concessionaire in the state of Selangor.

Tengku Dato' Naizatul Shima does not hold any other directorships in public companies.

Tengku Dato' Naizatul Shima is not related to any other Director and/or major shareholder of the Company. Tengku Dato' has no conflict of interest with the Company and has not been convicted of any offences within the past ten years.

Encik Mardzukhi Bin Abu Bakar

Executive Director
Member of the Corporate Governance Committee

Encik Mardzukhi Bin Abu Bakar, a Malaysian aged 55, was appointed as the Executive Director of the Company on 11 October 1997 and oversees the business development of the Group. Currently, he also oversees the Safety and Security Department. He obtained a Certificate in Building Structural Draughtsmanship from MARA Institute in 1979 and subsequently received his Diploma in Business Administration from the Institute of Business Administration and Management. He is also a certified Safety and Health Officer by National Institute of Occupational Safety and Health (NIOSH). He was admitted as a fellow of The International Management Association, London ie. F.I.M.A (UK) in April 2008. He has more than 26 years of invaluable experience through his involvement in construction industry. He was appointed as a Councillor to Majlis Perbandaran Seberang Perai from 1989 to 1990. He was a Project Manager of Gurun Corporation Sdn. Bhd. from 1990 to 1992. He had attended several intensive courses and seminars on construction and safety management to keep abreast with the latest developments in the industry.

Encik Mardzukhi does not hold any other directorships in public companies.

Encik Mardzukhi is not related to any other Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten years.

Dato' Mohd. Shariff Bin Ibrahim

Alternate Director to Encik Mardzukhi Bin Abu Bakar

Dato' Mohd. Shariff Bin Ibrahim, a Malaysian aged 67, was appointed as the Alternate Director to Encik Mardzukhi Bin Abu Bakar, an Executive Director of the Company on 30 May 2001. Dato' Mohd. Shariff completed his high school education and has more than 24 years of experience in the area of property development. He is the Executive Chairman of PR Builders Sdn. Bhd. which is a registered "Class A" contractor with PKK and a Grade 7 contractor with CIDB. He is active in the socio-political circle where he sits in various committees.

Dato' Mohd. Shariff does not hold any other directorships in public companies.

Dato' Mohd. Shariff is not related to any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten years.

Directors' Profile (Cont'd)

Madam Ong Guat Beng

Executive Director
Chairperson of the ESOS Committee
Member of the Corporate Governance Committee

Madam Ong Guat Beng, a Malaysian aged 53, was appointed as an Executive Director of the Company on 11 October 1997. After completing high school in 1976, Madam Ong joined PKH to assist Dato' Ong Choo Hoon to oversee the overall operation of PKH. She has almost 32 years of working experience in purchasing, accounting and office administration. Subsequently, she oversaw the Finance, Human Resources and Administration departments before taking up the Procurement department of the Company as well. Madam Ong also assists the Group Executive Chairman and Group Managing Director in the overall operations and management of the Company on site management, financial management and human resources management.

Madam Ong does not hold any other directorships in public companies.

Madam Ong is the daughter of Dato' Ong Choo Hoon and the sister of Dato' Dr. Ong Seng Soon and Mr. Ong Seng Chye. She is a director and shareholder of Leading Builders Sdn. Bhd., which is a major shareholder of the Company. She has no conflict of interest with the Company and has no convictions for offences within the past ten years.

Mr. Ong Seng Chye

Executive Director
Member of the Corporate Governance Committee

Mr. Ong Seng Chye, a Malaysian aged 44, was appointed as an Executive Director of the Company on 11 October 1997. He completed his high school education in 1985 and joined PKH in 1987 to assume various responsibilities for plant and machinery scheduling, security maintenance, site management, logistics and manufacturing. Currently, he oversees the Property Development operations of the PLB Group and represents the PLB Group by being actively involved in the public and social responsibilities of PLB Group. He is a member of the Board of Directors and Chartered Treasurer as well as Past President of the Lions Club of Prai. He is also the Business Development Committee and a Member of the Infrastructure & Public Facilities Committee of the Penang Chinese Chamber of Commerce as well as the Past Treasurer of the Penang Chinese Chamber of Commerce Young Entrepreneur Section. He represents PKH as a Committee Member and President of Penang Master Builders & Building Materials Dealers Association. Mr. Ong has attended numerous seminars to supplement his on-the-job experience.

Mr. Ong does not hold any other directorships in public companies.

Mr. Ong is the son of Dato' Ong Choo Hoon and the brother of Dato' Dr Ong Seng Soon and Madam Ong Guat Beng. He is a director and shareholder of Leading Builders Sdn. Bhd., which is a major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past ten years.

Mr. Saw Chin Eng

Independent Non-Executive Director
Chairman of the Audit Committee
Chairman of the Remuneration Committee
Member of the Nomination Committee

Mr. Saw Chin Eng, a Malaysian aged 54, was appointed as an Independent Non-Executive Director of the Company on 30 May 2001. He obtained his Bachelor of Commerce degree from University of Otago, New Zealand in 1981. He started his career as an Audit Assistant in an accounting firm. He was later promoted to a position of an Audit Manager in charge of a wide portfolio of clients. A Chartered Accountant by profession, Mr. Saw is a member of the New Zealand Institute of Chartered Accountants and also a Chartered Accountant with the Malaysian Institute of Accountants as well as a fellow member of the Chartered Tax Institute of Malaysia and a qualified Certified Financial Planner (CFP) and registered Financial Planner (RFP). In July 2008, Mr. Saw was admitted as Fellow Certified Practising Accountant (FCPA) of CPA Australia. Currently, he is practicing under Messrs. Saw & Co., a member firm of the Malaysian Institute of Accountants.

Mr. Saw does not hold any other directorships in public companies.

Mr. Saw is the spouse of Madam Teoh Siew Tin. He has no conflict of interest with the Company and has no convictions for offences within the past ten years.

Directors' Profile (Cont'd)

Dato' Noordin Bin Md. Noor

Independent Non-Executive Director
Chairman of the Nomination Committee
Member of the Audit Committee
Member Remuneration Committee

Dato' Noordin Bin Md. Noor, a Malaysian aged 54, was appointed as an Independent Non-Executive Director of the Company on 11 October 1997. He obtained his Diploma in Business Studies from Universiti Technology MARA (UiTM) in 1976. He has 23 years of experience in business, construction, service, IT, manufacturing (rubber based products, food and fisheries) and transport industry.

Dato' Noordin has been actively involved in the nation's political scene since 1976. He has held various positions in UMNO Malaysia at the Division, State and National level such as Exco Pemuda UMNO Malaysia (1993 – 2002), Timbalan Pengerusi Biro Pendidikan Pemuda UMNO Malaysia (1993 – 1996), Pengerusi Majlis Pembangunan Usahawan Pemuda UMNO Malaysia (1996 – 1998), Pengerusi Majlis Ekonomi dan Pembangunan Usahawan Pemuda UMNO Malaysia (1998 – 2002) and Ahli Jawatankuasa Pengurusan dan Pentadbiran Pergerakan Pemuda UMNO Malaysia.

Dato' Noordin is an Independent Non-Executive Director of TH Plantations Berhad.

Dato' Noordin is not related to any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten years.

Madam Teoh Siew Tin

Independent Non-Executive Director
Member of the Audit Committee
Member of the Nomination Committee

Madam Teoh Siew Tin, a Malaysian aged 54, was appointed as an Independent Non-Executive Director of the Company on 30 October 2008. She received her upper secondary and tertiary education in Australia graduating with Bachelor of Economics (Accounting) degree from Monash University, Clayton Campus, Melbourne, Australia in 1979.

She began her career with international accounting firms and stayed in the industry for 4 years. Her work covers areas of audit, tax and company secretarial. Subsequently, she spent the next 18 years in a Main Board listed company in the steel industry. She started as an Accountant and moved up to General Manager level to hold the position of Group Financial Controller in the Group of Companies. Her work experience covers accounting, finance, corporate tax planning, licensing, administrative and corporate services including human resources management, corporate communications, information technology, credit control and debt recovery, equity call and fund raising, mergers and takeovers and feasibilities study of projects.

She is a fellow member of the CPA Australia, Chartered Accountant with the Malaysian Institute of Accountants and a member of the Chartered Tax Institute of Malaysia. She is involved in her own consultancy business.

Madam Teoh does not hold any other directorships in public companies.

Madam Teoh is the spouse of Mr. Saw Chin Eng. She has no conflict of interest with the Company and has no convictions for offences within the past ten years.

Chairman's Statement

On behalf of the Board of Directors of **PLB ENGINEERING BERHAD** ("PLB" or "the Company"), it is my pleasure to present the Annual Report and Audited Financial Statements of the Company for the financial year ended 31 August 2011:

Financial Performance

For the financial year ended 31 August 2011, the Group recorded revenue of RM88.0 million and profit before tax of RM7.4 million compared to revenue of RM101.5 million and profit before tax of RM5.0 million respectively in the preceding year. The significant improvement of the profit before taxation for this year was contributed by the gain from bargain purchase of a subsidiary during the year.

The net tangible assets of the Group increased from RM98.5 million in financial year 2010 to RM101.7 million in financial year 2011.

Dividend

The Board of Directors has recommended a first and final dividend of 1.50% less income tax of 25% for financial year ended 31 August 2011 for shareholders' approval at the forthcoming Annual General Meeting.

Construction

PLB-KH Bina Sdn Bhd ("PKH"), Gaintrend Sdn Bhd ("GTSB") and PLB Green Construction Sdn Bhd ("PGC") continued to contribute to the construction sector of the Group.

PLB will continue to focus on securing contracts from existing established clients, new reputable customers and public sector including abandoned schemes to enhance the profitability of the Group in the forthcoming financial year.

Property Development

Significant contributions were also derived from the property development sector of the Group for the current year. The Group's subsidiary PLB Land Sdn Bhd ("PLd") and its subsidiaries continued to receive good response for its projects i.e. a mixed development project in Jelutong, Penang, which was developed by Excelgrand Properties Sdn Bhd, a wholly owned subsidiary of PLd's, consisting of double-storey terrace and three-storey terrace houses which had successfully garnered 100% sales during the financial year.

A similar type of development by Indah Mulia Development Sdn Bhd, another subsidiary of PLd, at Batu Maung, Penang was launched during the financial year and has so far attained 82% in sales.

The development plan for projects in Balik Pulau, Penang and Simpang Ampat, Mak Mandin and Prai Industrial areas in mainland Prai are all ready for launching.

Corporate Development

Employee Share Option Scheme ("ESOS")

The existing ESOS scheme with a validity period from 28 May 2002 to 27 May 2012 continues to be enforced.

A total of 91,000 ESOS has lapsed due to employee resignation during the financial year with a cumulative total of 2,310,000 unexercised ESOS at end of this financial year.

Corporate Structure

During the year, the Company had acquired 51% equity interest in QM Power Machinery Sdn. Bhd. and had incorporated a 51% owned subsidiary company by the name of PLB Terang Sdn. Bhd.

A subsidiary of the Company, PLd had also acquired 100% of the equity interest in the issued and paid-up capital of United Empire Development Sdn. Bhd.

Also, during the financial year, PLd had disposed off Imbas Kaya Sdn. Bhd., a wholly-owned subsidiary of PLd which has ceased operations.

Chairman's Statement (Cont'd)

Quality System

During the financial year, PGC had successfully passed the re-certification for ISO 9001:2000/MS ISO 9001:2000 in respect of Provision Building and Related Infrastructure Construction Services (Excluding Design).

Two other subsidiaries of the Group, PKH and GtSB had successfully passed the yearly surveillance audit for MS ISO 9001-2000.

With the commitment and dedication of our management and employees who are periodically briefed on the importance of Quality Policy and Objective to further strengthen and maintain the Quality Management System, PLB is confident of the continuity of the certification.

Prospects

The Group is expecting continuous growth in construction activities which is mainly underpinned by the in-house property development projects that are going to drive the performance for the next financial year of 2012.

Appreciation

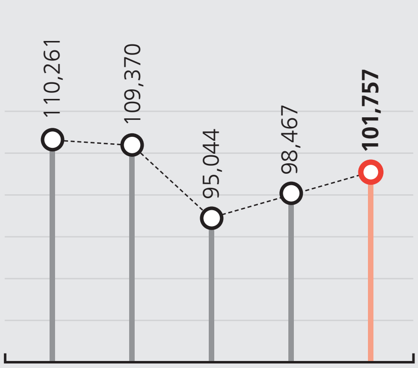
I would like to express our sincere appreciation and thanks to the members of the Board of Directors, Management and Staff for their support and contributions to the Company. On behalf of Board of Directors, I would also like to extend my appreciation to the Malaysian Government and all its ministries, agencies, departments, state government, local councils and last but not the least to our valued stakeholders for their continued cooperation and support during the financial year 2011.

DATO' ONG CHOO HOON
Chairman

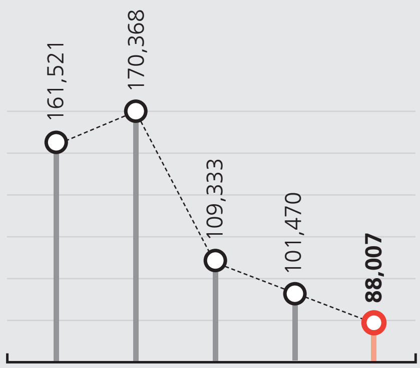
Financial Highlights

	Audited (RM '000)				
	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Turnover/Revenue	161,521	170,368	109,333	101,470	**88,007**
Profit/(Loss) Before Taxation	2,983	3,822	(5,796)	5,001	**7,386**
Profit/(Loss) For The Year @	2,289	3,281	(6,064)	4,502	**7,127**
Paid Up Capital	91,280	91,282	91,282	91,282	**91,282**
Shareholders' Funds	110,261	109,370	95,044	98,467	**101,757**
Earnings/(Loss) Per Share (sen)	2.51	3.63	(7.13)	5.48	**8.67**
Net Tangible Assets Per Share (sen)	120.8	123.1	115.5	119.9	**123.9**
Total Assets	205,724	183,891	172,048	208,590	**185,278**
Gross Dividend (%)	1.50	1.50	1.50	1.50	**1.50**

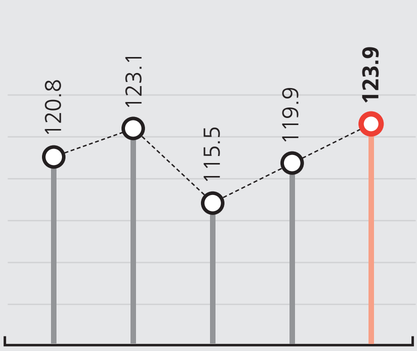
@ Profit for the year represents profit after taxation and non-controlling interests.



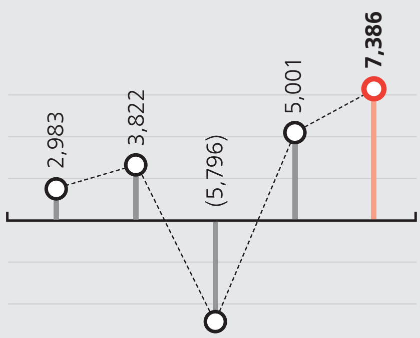
Shareholders' Funds (RM '000)



Turnover/Revenue (RM '000)



Net Tangible Assets Per Share (sen)



Profit/(Loss) Before Taxation (RM '000)

Audit Committee Report

Objectives
The principal objective of the Audit Committee ("AC") is to assist the Board of Directors in discharging its duties and responsibilities in the area of corporate governance and internal audit with particular reference to the public accountability of the Company and its subsidiaries.

Terms of Reference

Membership

The Committee shall be appointed by the Board from amongst the Directors and shall consist of:
- not less than three members
- the majority of whom must be Independent Non-Executive Directors of the Company
- all members of the Committee should be Non-Executive Directors
- all members of the Committee should be financially literate

No Alternate Directors shall be appointed as a member of the Committee. The members of the Committee shall elect a Chairman from amongst themselves who shall be an Independent Non-Executive Directors. At least one of the members of the Committee must:

i. be a member of the Malaysian Institute of Accountants; or

ii have at least three (3) years' working experience and:-

- must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967, or
- must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

If a Member of the Committee for any reason ceases to be a Member of the Committee with the result that the number of Member is reduced below three (3), the Board shall within three (3) months of that event, appoint such number of new Member as may be required to make up the minimum number of three (3) Members.

Meetings
The Committee shall regulate its own proceedings. The Committee shall meet not less than four (4) times a year. Additional meetings may be held at the discretion of the Committee or at the request of external auditors.

The quorum of the meeting is two (2) and majority of Members present must be Independent Directors.

The Company Secretary shall be the Secretary of the Committee.
The finance director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other board members may attend meetings upon the invitation of the Audit Committee.

Committee should meet with the external auditors without Executive Board Members present at least twice a year.

The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of the internal audit and the external auditors in order to be kept informed of matters affecting the Company.

Authority

The Committee have explicit authority by the Board to investigate any activity within its terms of reference, the resources to do so and full access to information.

The Committee is empowered to obtain independent professional advice and to invite outsiders with relevant experience to attend, if necessary.

Audit Committee Report (Cont'd)

Functions and Duties

The functions and duties of the Committee shall include:-

- to consider the appointment and annual re-appointment of external auditors, their audit fees and any question of their resignation or dismissal and to recommend to the Board.
- to discuss with the external auditors before the audit commences, the nature and scope of their audit, their evaluation of the system of internal accounting controls and to ensure co-ordination where more than one audit firm is involved.
- to discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary).
- to review with the external auditor's management letter and management's response
- to do the following, in relation to the internal audit function
  - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function
  - approve any appointment or termination of senior members of the internal audit function; and
  - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning
- to review the quarterly results and year-end financial statements of the Group and the Company, prior to the approval by the Board, whilst ensuring that they are prepared in a timely and accurate manner, focusing particularly on
  - changes in accounting policies and practices;
  - implementation of major accounting policies and practices;
  - going concern assumption
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements.
- to consider/review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- to consider the major findings of internal investigations and management's response.
- to review and verify the allocation of share options granted to employees pursuant to the Employee Share Option Scheme.
- to review with the external auditor, his audit report.
- to review with the external auditor the assistance given by the employees of the Company
- to review with the Board of Directors of the Company whether there is reason (supported by grounds) to believe that the listed issuer' external auditor is not suitable for re-appointment.
- to consider/perform any other topics/functions as authorised by the Board.

Meetings held during the Financial Year Ended 31 August 2011

During the financial year, four meetings were held and the table of attendance of each committee member is as follows:-

Director	No. of Meetings attended
Mr. Saw Chin Eng	4
Dato' Noordin Bin Md. Noor	4
Madam Teoh Siew Tin	4

Summary of Activities of Audit Committee

The activities of the AC for the financial year under review includes the following:-

- Reviewed the quarterly unaudited financial results and recommended to the board for approval and for announcement to Bursa Securities and Securities Commission;

- Reviewed the annual audited financial statements with external auditors to ensure compliance with the provisions of the Companies Act, 1965, Listing Requirements of Bursa Securities, applicable Financial Reporting Standards and other legal and regulatory requirements prior to the submission to the Board for approval;

- Reviewed the Internal Audit plan and its scope of work;

Audit Committee Report (Cont'd)

Summary of Activities of Audit Committee (cont'd)

- Reviewed the internal audits reports, which highlighted the audit findings, recommendations and management response. Discussed with Management the corrective action taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports;
- Established and formalised risk management framework and action plan to manage the risk identified on an on-going process;
- Reviewed any related party transactions and conflict of interests situation that may arise within the group;
- Reviewed and discussed with the external auditors on their audit plan and scope of work for the year as well as the audit procedures to be utilized; and
- Considered the re-appointment and remuneration of external auditors.

Internal Audit Function

The Internal Audit Department assists the AC in discharging its duties and responsibilities.

Summary of Activities of the Internal Audit Department ("IAD")

The Internal Audit Department assists the AC in discharging its duties and responsibilities. Its role is to undertake independent, regular and systematic reviews of the systems of internal controls, so as to provide reasonable assurance that such systems continue to operate satisfactorily, effectively and in compliance with the Group's established policies and procedures. The Internal Audit Department adopts a risk-based audit approach when preparing its annual audit plan which is approved by the AC.

During the financial year, the IAD conducted various audit assignments on the operations, management and financial systems of the Group as well as compliance audits in accordance with the approved annual audit plan. The results of the internal audit reviews and the recommendations for improvement are presented to the AC for deliberation. The Internal Audit Department also conducted follow-up audit reviews to monitor and ensure that audit recommendations for improvement have been effectively implemented by Management.

The internal audit costs incurred during the financial year were RM77,635.35.

Statement by the Audit Committee in Relation to ESOS Allocation

Pursuant to Paragraph 8.17 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements (the "Listing Requirements"), the AC confirmed that there was no allocation of ESOS during the financial year.

Corporate Governance Statement

The Board of Directors ("Board") of PLB Engineering Berhad ("PLB" or the "Company") adopts the principles and best practices of corporate governance in conducting the business and affairs of the Company and the Group. The Board remains fully resolved and committed in employing the principles of integrity, transparency and professionalism to ensure the Company and the Group's continued progress and success as these would not only safeguard and enhance shareholders' investment and value but at the same time protect the interests of all stakeholders.

In line with the Main Market Listing Requirements, the Board is pleased to report to the shareholders in particular and other stakeholders in general on the manner PLB and the Group have maintained the standard of corporate governance by supporting and implementing the prescribed principles and best practices as set out in the Malaysian Code on Corporate Governance (Revised 2007) ("the Code") and the Main Market Listing Requirements.

SECTION 1: DIRECTORS

Board responsibilities

The Board is led and managed by experienced Board members with a wide range of expertise. It is collectively responsible for promoting the success of the Company and the Group by directing and supervising its business and affairs. The Board's principal responsibilities are as prescribed under the best practices of the Code. These include: charting and reviewing the strategic direction for the Company and the Group; overseeing its business operations thereof; evaluating whether these are being properly managed; and providing leadership to enable the achievement of the Group's business objectives.

The Board has a formal schedule of matters reserved to itself for decisions, including the overall Group strategy and direction, acquisition policy, approval of major capital expenditure projects and significant financial matters.

The Board practices a clear division of responsibilities between the Chairman, Managing Director, Executive Directors and Non-Executive Directors. The Chairman and the Executive Directors are primarily responsible for the orderly conduct and function of the Board, the day to day running of the Group's business, implementation of the Board's policies and the overall operational and management decisions.

On the other hand, the Non-Executive Directors ensure that the strategies proposed by the Management are fully deliberated and examined, taking into account the long term interest of the stakeholders including contributing to the formulation of policy and other decision-making process through their expertise and experience. As they are independent of the Management, it is ensured that no single individual or group dominates the Board's decision-making process.

Board Meetings

The board meetings are fixed in advance at the end of the preceding financial year to enable the Directors to plan ahead and incorporate the year's meetings into their own schedules. Board meetings are held every quarter and additional meetings are held as and when necessary.

During the financial year, the Board met four (4) times. Meeting agendas included review of quarterly financial results and announcements, business reviews, macro strategies and acquisitions of capital assets by the Group. Details of each existing directors' meeting attendances are as follows:-

Name of Director	No of meetings attended
Dato' Ong Choo Hoon	4
Dato' Dr. Ong Seng Soon	3
Tengku Dato' Naizatul Shima Bt Tengku Abd Murad Shah Alhaj	2
Madam Ong Guat Beng	4
Mr. Ong Seng Chye	4
En. Mardzukhi Bin Abu Bakar	4
Mr. Saw Chin Eng	4
Dato' Noordin Bin Md. Noor	4
Madam Teoh Siew Tin	4

To ensure effective conduct of board meetings, a structured formal agenda and board meeting papers relating to the agenda are circulated to all Directors prior to each board meeting. Senior management are invited to attend board meetings to furnish details or clarifications on matters tabled for the Board's consideration.

The Board has also delegated certain responsibilities to the Audit Committee, which operates within a clear defined terms of reference.

Corporate Governance Statement (Cont'd)

Board Balance

The Board comprises of nine (9) members of which five (5) are Executive Directors and one (1) Non-Independent Non-Executive Director while the remaining Three (3) are Independent Non-Executive Directors. Each member brings with them a diversity in experience, expertise and perspective of the Group's business operations.

With Dato' Ong Choo Hoon as the Group Executive Chairman and Dato' Dr Ong Seng Soon as the Group Managing Director, there is clear division of responsibilities between these roles to ensure a balance of power and authority. Furthermore, the complementary role of non-executive directors ensure an effective Board with a mix of industry-specific knowledge, technical, and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgment into various aspects of the Company's strategies and performance.

Supply of Information

The Board has full and unimpeded access to information relating to the Group in discharge of their duties. Senior Management Officers are invited to attend the Board meetings to update the Directors on their respective functions and operations and also to clarify issues that may be raised by the Directors.

The Chairman of the Audit Committee would report to the Board at Board meetings on pertinent issues that have been raised at Audit Committee meetings, and he would highlight to the Directors the vital areas as may be expressed by the Audit Committee.

The agenda and Board meeting papers are circulated to the Directors for their perusal the business reports and appraise the issues to be deliberated at the Board meeting well before the date of the meeting.

Board reports and minutes of the every Board meeting are sent to the Directors prior to the meeting to allow them to fully digest the contents of the reports to be discussed. The Directors are provided with ample opportunities to make enquiries, obtain information and explanation on any issue at any time within the Group whether as a full Board or in their individual capacity in furtherance of their duties.

All Directors have direct access to the advice of the Company Secretaries whether as a full board or in their individual capacities. The Board also avails itself to independent professional advice in the course of fulfilling its responsibilities and if so required, at the expense of the Company.

Board Committees

(i) The Audit Committee

The Audit Committee comprising wholly Independent Non-Executive Directors, is responsible for reviewing and monitoring the work of the Group's internal audit functions as well as ensuring that an objective professional relationship is maintained with the external auditors. Further details of the Audit Committee are contained in the Audit Committee's Report in this Annual Report.

(ii) The Nomination Committee

The Nomination Committee comprises entirely of Independent Non-Executive Directors. The Committee is authorized to identify and recommend the appointment of new directors to the Board. The Nomination Committee has established a formal and transparent procedure for appointment of new directors.

The Nomination Committee continues to meet on a yearly basis to review the performance of the Directors seeking re-election at the forthcoming AGM. Currently, Dato' Noordin Bin Md. Noor, Mr. Saw Chin Eng and Madam Teoh Siew Tin are the members of the Committee.

(iii) The Remuneration Committee

The Remuneration Committee comprising mainly non-executive directors and is responsible to recommend the remuneration packages for the Executive Directors of the Company to the Board on a yearly basis. The Board determines the remuneration of Non-Executive Directors who abstains from deliberations and decisions made in respect of their individual remuneration. Currently, the members include Dato' Ong Choo Hoon, Mr. Saw Chin Eng and Dato' Noordin Bin Md. Noor.

Corporate Governance Statement (Cont'd)

Re-appointment of Directors to the Board

Pursuant to Section 129 (2) of the Companies Act, 1965, Directors who are over the age of 70 years shall retire at every Annual General Meeting ("AGM") and may offer themselves for re-appointment to hold office until the next AGM. The Articles of Association of the Company also provide that at every AGM, at least one-third of all Directors for the time being and those appointed during the financial year shall retire from office but shall be eligible for re-election in line with the Main Market Listing Requirements. The Articles of Association further provide that all Directors are subject to retirement by rotation once every 3 years but shall be eligible for re-election.

Training and Development of Directors

During the financial year, all Directors of the Company have attended relevant conferences, seminars and briefings in areas of leadership, corporate governance, finance and competitive strategies organized by the Regulatory Authorities and members of professional bodies, in order to broaden their knowledge and perspectives and to keep abreast with developments in the market place and with new statutory and regulatory requirements to better enable them to fulfill their responsibilities.

The Company also conducted the following in-house training programmes for the Directors and senior management of the Company facilitated by industry experts:-

- Fire Prevention Awareness
- Briefing on Project Information System (PIS3.0)
- KAIZEN ESS
- Internal Quality Auditor Training
- Safety Guideline for construction industry
- KZENHR (ACM Site)
- IFCA Software Construction & Project Cost Management
- Microsoft Office 2010 (Word & Excel)
- Shingle roof system by IKO & Ha Hwang
- TBF Roofing Tiles Presentation

SECTION 2: DIRECTORS' REMUNERATION

Remuneration Policy and Procedures

The details of the Directors' remuneration comprising of received and/or receivable for the financial year ended 31 August 2011 are as follows:-

Particulars	Executive Directors	Non-Executive Directors	Total
Fees (RM)	-	60,000	60,000
Salaries (RM)	1,167,500	-	1,167,500
Bonuses (RM)	180,500	-	180,500
Allowances (RM)	123,955	12,000	135,955
EPF (RM)	136,740	-	136,740
Benefit in kind (RM)	104,424	-	104,424
Total (RM)	1,713,119	72,000	1,785,119

Corporate Governance Statement (Cont'd)

The remuneration of the Directors summarised in bands of RM50,000 for the financial year ended 31 August 2011 are as follows:-

	Number of Directors	
Range of Remuneration	Executive	Non-Executive
Below RM50,000	-	4
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	-	-
RM350,001 to RM400,000	-	-
RM400,001 to RM450,000	-	-
RM450,001 to RM500,000	1	-
Above RM500,000	1	-

SECTION 3 : SHAREHOLDERS & INVESTOR

Dialogue between the Group and Investors

The Board adheres to the disclosure requirements of Bursa Securities and ensures timely release of the financial results on a quarterly basis in order to provide its shareholders with an overview of the Group's financial and operational performance. In addition, it communicates with its shareholders, institutional and potential investors through various announcements made during the year.

Dato' Noordin Bin Md. Noor has been identified as the Independent Non-Executive Director, with the assistance of the Company's Corporate Department personnel, to whom any concerns of shareholders, management or other matters concerning the Group may be conveyed vide:-

Address : Dato' Noordin Bin Md. Noor
PLB Engineering Berhad
No. 1320, Jalan Baru,
Taman Chai Leng
13700 Prai, Penang

Email : info@plbgroup.com.my

AGM

The AGM is the principal forum of dialogue with shareholders. Notice of AGM together with a copy of the Company's Annual Report is sent to shareholders at least twenty one (21) days prior to the meeting. Each item of special business included in the notice of meeting is accompanied by an explanation for the proposed resolution.

At the AGM, the Board presents the progress and performance of the Group as contained in the Annual Report and shareholders are encouraged to participate and are given every opportunity to raise questions or seek more information during the meeting. The Group Executive Chairman, the Group Managing Director and Board members are available to respond to all shareholders' queries. Apart from the AGM and Annual Report, the financial highlights are disseminated on a quarterly basis to Bursa Securities. Other public information and significant items affecting the Group are reported through the Bursa Securities from time to time via announcements.

Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Shareholders can also leave written questions for the Board to respond. The Share Registrar is available to attend to matters relating to shareholders' interests.

Annual Report

The Directors believe that an important channel to reach shareholders and investors is through the Annual Report. Besides including comprehensive financial performance and information on the business activities, the Group strives to improve the contents of the Annual Report in line with the developments in corporate governance practices.

Corporate Governance Statement (Cont'd)

Annual Report (cont'd)

The Company's Annual Report can be accessed at the Company's website at www.plb.com.my. Bursa Securities also provides for the Company to electronically publish all its announcements, including full version of its quarterly results announcements and Annual Report at its website.

SECTION 4 : ACCOUNTABILITY AND AUDIT

Financial Reporting

It is the Board's commitment to provide a balanced, clear and meaningful assessment of the financial position and prospects of the Group in all the disclosures made to shareholders, investors and the regulatory authorities.

The announcements on quarterly financial results and the press releases accompanying these results announcements reflect the Board's persistent commitment in providing timely, transparent and up-to-date disclosure of the Group's overall performance.

The Board is assisted by the Audit Committee ("AC") to oversee the Group's financial reporting process and the quality of the same. The AC reviews and monitors the integrity of the Group's interim and annual financial statements. It also reviews the Group's accounting policies and the changes to as well as the implementation of these policies.

The Directors are responsible to ensure that the Group's audited financial statements comply with the Companies Act, 1965, the Financial Reporting Standards and the Main Market Listing Requirements. The statement by the Directors pursuant to Section 169(15) of the Companies Act, 1965 in relation to the preparation of the financial statements are set out on page 21 of the Annual Report.

Related Party Transactions

The AC reviews and monitors all related party transactions on a quarterly basis and reports for action by the Board where necessary.

Internal Control

The Board has overall responsibility for maintaining a sound system of internal controls that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The effectiveness of the system of internal controls of the Company and of the Group is reviewed by the AC during its quarterly meetings. The review covers the financial, operational and compliance controls as well as risk management functions.

The Statement on Internal Control, which provides an overview of the state of the internal control within the Company and the Group, is set out on pages 23 of the Annual Report.

Relationship with External Auditors

The Group has established transparent and appropriate relationship with the external auditors through the AC of the Company. From time to time, the external auditors will highlight matters that require further attention of the AC and the Board of Directors.

It is the AC's policy to meet with the external auditors at least twice annually or whenever deemed necessary without the presence of the Executive Directors to discuss their audit plans, audit findings and their reviews of PLB's financial results/ statutory statement of accounts.

In addition, the external auditors are invited to attend the AGM of the Company and are available to clarify and answer shareholders' questions on their conduct of the audit as well as the preparation and contents of the audit report.

A summary of the activities of the AC during the year, including the evaluation of the independent audit process, are set out in the AC's Report on pages 12 to 14 of the Annual Report.

The Board believes that the provision of these services by the external auditors to PLB and the Group were cost effective and efficient due to their knowledge and understanding of the operations of the Company and the Group, and did not compromise their independence and objectivity.

SECTION 5 : COMPLIANCE STATEMENT

The Group has complied with the Best Practices set out in Part 2 of the Code throughout the financial year.

Corporate Social Responsibility ('CSR') Statement

The PLB Group continued to carry out its CSR through activities which include of the following:-

Human Capital Development

The Group organises various trainings, seminars and workshops to upgrade and enhance the skills and knowledge of employees. The training programmes for last year ranged from job-related technical trainings to soft skills, motivational talks as well as management and administrative courses as highlighted in the Corporate Governance Statement.

Safety and Health

Safety and health are of paramount importance to the Group. Apart from having appropriate plans to deal with emergencies, concerted effort is made to prevent accidents and injuries at the workplace. Trainings and awareness programmes were held to inculcate a conscientious attitude and increase awareness towards safety and health among the employees.

Work-Life Balance

To promote work-life balance and a healthy working environment among the employees, a leisure room was created for the employees to unwind during breaks and after work within the Company's premise.

Employee Welfare

The Group bears the cost of outpatient medical attention and fees of the employees as well as all trainees. Employees are insured under the Group's Hospitalisation and Surgical Scheme for hospitalisation and critical illnesses and are also covered by the Group's personal accident insurance scheme.

Industrial Trainings

The Group continues to take in students from various universities and polytechnics to undergo practical trainings with durations ranging from 3 to 9 months with the objective of equipping students with the necessary working skills and knowledge. Students who successfully completed the trainings are presented with certificates of completion. Last year, fifteen (15) students from various local educational institutions completed their respective trainings with the Group with a total RM22,634.55 given to them as allowance.

Sports

To promote healthy activities among the youths, PLB continues its support in sponsoring sports activities like the Penang State Tournament 2010 held by Majlis Sukan Negeri Pulau Pinang.

Community & Social Activities

During the financial year, the Group had made monetary donation amounting to RM280,490.00 to various organizations like charities, sports activities, schools, religious establishments as well as natural disaster relief funds.

Environmental Consciousness

The Group strongly believes and adopts environmentally-safe practices in its operations. A total amount of 3.069 tonnes of recycle items were collected during the financial year and the revenue therefrom donated to charity. Further, the Group supported the Earth Hour Program on 26 March 2011 from 8.30 pm to 9.30 pm initiated by the World Wildlife Fund.

Statement Of Directors' Responsibility
In Relation To The Financial Statements

The Directors are required by the Companies Act, 1965 ("Act") to prepare the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and the results of the Group and the Company for the financial year. The Directors have responsibility in ensuring that the financial statements have been prepared in accordance with Financial Reporting Standards and the Act in Malaysia.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy of the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Additional Disclosure Statements

Utilisation of Proceeds Raised from any Corporate Proposal

Not applicable as none was proposed.

Share Buy-Back

The Company did not have a share buyback programme in place during the financial year.

Options or Warrants

There were no issuance of options, warrants or convertible securities during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt Programme ("GDR")

During the financial year, the Company did not sponsor any ADR or GDR programme.

Imposition or Sanctions and Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

During the financial year, the non-audit fees paid to the external auditors of the Group was RM2,000.00. The Taxation fee totaling RM25,850.00 was payable to a company in which certain partners of the audit firm are shareholders and directors.

Variation in Results

There were no variances of 10% or more between the audited results for the financial year ended 31 August 2011 and the unaudited results announced to Bursa Securities on 24 October 2011. The Company did not issue or announce any profit estimate, forecast or projection to the public for the financial year.

Revaluation Policy

The Company and the Group does not adopt a policy on regular revaluation of its landed properties.

Profit Guarantee

During the financial year, there were no profit guarantees given by the Company or its subsidiary companies.

Material Contracts involving Directors and Major Shareholders

There were no material contracts of the Company and the Group involving Directors and major shareholders entered into since the end of the previous financial year or still subsisting at the end of the financial year ended 31 August 2011.

Recurrent Related Party Transactions of a Revenue or Trading Nature

Details of transactions with Related Party undertaken by the Group during the financial year are disclosed in Note 31 of the Financial Statements.

Statement on Internal Control

Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the companies' assets. Under the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Para 15.26(b) Directors of listed companies are required to produce a statement on the state of the companies' internal control in their Annual Report.

The Board recognizes the importance of a sound system of internal control and an effective risk management framework to good corporate governance. The Board further affirms that it is ultimately responsible for the Group's system of internal controls that includes the assurance of its adequacy and integrity at all times, and its alignment with our business objectives. However, it should be noted that these controls are designed to manage rather than to eliminate the risks of failure to achieve business objectives. As such, the controls can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board, throughout the financial year under review, has identified, evaluated and managed the significant risks faced by the Group through the monitoring of the Group's performance and profitability at its Board meeting. The Board has assigned the Audit Committee with the duty of reviewing and monitoring the effectiveness of the Group's internal control.

Internal Audit

The Group has an Internal Audit Department which independently reviews the adequacy and integrity of the Group's systems of control in managing the key risks and report accordingly to the Audit Committee on a quarterly basis. Where any significant weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls, with follow-up audits by Internal Audit to assess the status of implementation thereof by Management. A risk-based approach towards planning and conduct of audits was used by the Internal Auditors in prioritising their review of the various risk areas of the Group.

Other Risks and Control Processes

In addition, the full Board meets on a quarterly basis to discuss matters brought to its attention, thus ensuring effective supervision over the operations of the Group. The Board is updated on the operations and activities of the Group which include the strategies and goals and an assessment of its current position and future prospects.

The Group Managing Director together with the senior management team manages the day-to-day operations of the Group and addresses significant matters through management, operations, and site meetings held on a regular basis. Senior management also receives and reviews such reports provided during the meetings.

The Board is committed towards operating and maintaining a sound system of internal control and recognizes that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control. There were no material losses incurred during the financial year as a result of weaknesses in internal control.

Financial Statements

Directors' Report
For The Year Ended 31 August 2011

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **31 August 2011**.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are shown in Note 5 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) after taxation for the year	7,074,138	(312,534)
Attributable to :		
Owners of the parent	7,126,999	(312,534)
Non-controlling interests	(52,861)	-
	7,074,138	(312,534)

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 August 2011** 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 other than the gain from bargain purchase of a subsidiary amounting to RM4,152,952 recognised in the profit or loss of the Group.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the notes to the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company had paid a first and final dividend of 1.50% less 25% tax amounting to RM924,269 in respect of the financial year ended 31 August 2010, as proposed in the directors' report of that year.

The directors now recommend the payment of a first and final dividend of 1.50% less 25% tax amounting to RM924,269 for the financial year ended 31 August 2011 subject to the approval of shareholders at the forthcoming Annual General Meeting.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued ordinary shares from the open market.

Directors' Report (Cont'd)
For The Year Ended 31 August 2011

TREASURY SHARES (cont'd)

Out of the total 91,281,667 issued and fully paid ordinary shares as at 31 August 2011, 9,124,500 are held as treasury shares by the Company. As at 31 August 2011, the number of outstanding ordinary shares in issue and fully paid is therefore 82,157,167 ordinary shares of RM1 each.

Further relevant details are disclosed in Note 17 to the financial statements.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

Pursuant to the approval by the Securities Commission ("SC") and the members on 29 October 2001 and 29 April 2002 respectively, the Company implemented a new ESOS under the SC Guidelines for the eligible directors and employees of the Company and its subsidiaries. The new ESOS replaces the previous ESOS which was terminated on 14 May 2002.

The salient features of the new ESOS are as follows :

(i) the maximum number of new shares of the Company which may be subscribed on the exercise of options granted under the new ESOS shall not, in aggregate, be more than ten per centum (10%) of the issued and paid-up share capital of the Company or such maximum percentage as allowable by the relevant authorities at any point of time during the existence of the new ESOS,

(ii) not more than 50% (or such percentage as allowable by the relevant authorities) of the shares available under the new ESOS would be allocated, in aggregate, to directors and senior management of the Company. In addition, not more than 10% (or such percentage as allowable by the relevant authorities) of the shares available under the new ESOS would be allocated to any eligible employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up share capital of the Company,

(iii) the new ESOS shall take effect on 28 May 2002 and shall continue to be in force for a period of ten (10) years from the effective date,

(iv) the price payable upon exercise of each of the option granted under the new ESOS shall be set based on the 5-day weighted average market price of the Company's shares as quoted on the Bursa Malaysia Securities Berhad immediately preceding the date of offer with a discount of not more than ten per centum (10%), if deemed appropriate, or such lower or higher limit as approved by the relevant authorities or at the par value of each of the share in the Company, whichever is higher,

(v) the new shares to be allotted and issued upon exercise of any option shall upon allotment, rank pari passu in all respects with the existing shares of the Company except that the new shares so allotted shall not be entitled to any dividend, rights, allotments or other distribution unless the shares so allotted have been credited into the relevant securities accounts maintained by the Bursa Malaysia Depository Sdn. Bhd. before the entitlement date and will be subject to all the provisions of the Articles of Association of the Company relating to the transfer, transmission or otherwise of the shares in the Company, and

(vi) the persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

The movements of the options over unissued shares of the Company granted under the new ESOS during the financial year are as follows :

Date of offer	Option price	Balance at 1.9.10	Exercised	Lapsed due to resignation	Balance at 31.8.11
6.6.2002	1.60	528,000	-	(6,000)	522,000
30.8.2002	1.51	3,000	-	-	3,000
1.12.2003	1.69	14,000	-	-	14,000
26.2.2004	1.77	1,840,000	-	(85,000)	1,755,000
1.6.2004	1.23	16,000	-	-	16,000

Directors' Report (Cont'd)
For The Year Ended 31 August 2011

WARRANTS

The Company's outstanding warrants expired on 7 November 2010 and warrants not exercised by that date become null and void.

ULTIMATE HOLDING COMPANY

The directors regard Leading Builders Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

DIRECTORS

The directors who served since the date of the last report are as follows :

Dato' Ong Choo Hoon
Dato' Dr. Ong Seng Soon
Tengku Dato' Naizatul Shima Bt Tengku Abd Murad Shah Alhaj
Mardzukhi Bin Abu Bakar
Ong Guat Beng
Ong Seng Chye
Saw Chin Eng
Dato' Noordin Bin Md. Noor
Teoh Siew Tin
Dato' Mohd. Shariff Bin Ibrahim (Alternate Director to Mardzukhi Bin Abu Bakar)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the directors in office at the end of the financial year in shares and options over unissued shares in the Company and its related corporations during the financial year are as follows :

	Number of ordinary shares of RM1 each			
	Balance at 1.9.10	**Bought**	**Sold**	**Balance at 31.8.11**
The Company				
Direct Interest :				
Dato' Ong Choo Hoon	1,888,095	-	-	1,888,095
Dato' Dr. Ong Seng Soon	65,333	-	-	65,333
Mardzukhi Bin Abu Bakar	8,333	-	-	8,333
Ong Guat Beng	52,333	-	-	52,333
Ong Seng Chye	52,333	-	-	52,333
Dato' Noordin Bin Md. Noor	13,333	-	-	13,333
Dato' Mohd. Shariff Bin Ibrahim (Alternate Director to Mardzukhi Bin Abu Bakar)	1,000,000	-	(1,000,000)	-
Deemed Interest :				
Dato' Ong Choo Hoon	43,397,836	5,167,000	-	48,564,836
Dato' Dr. Ong Seng Soon	43,397,836	5,167,000	-	48,564,836

Directors' Report (Cont'd)
For The Year Ended 31 August 2011

DIRECTORS' INTERESTS (cont'd)

	Number of ordinary shares of RM1 each			
	Balance at 1.9.10	**Bought**	**Sold**	**Balance at 31.8.11**
Ultimate Holding Company - Leading Builders Sdn. Bhd.				
Direct Interest :				
Dato' Ong Choo Hoon	1,703,337	-	-	1,703,337
Dato' Dr. Ong Seng Soon	634,575	-	-	634,575
Ong Guat Beng	333,988	-	-	333,988
Ong Seng Chye	333,988	-	-	333,988
*** Other Interest :**				
Dato' Ong Choo Hoon	700,667	-	-	700,667
Dato' Dr. Ong Seng Soon	145,667	-	-	145,667
Ong Seng Chye	129,000	-	-	129,000

* By virtue of interest of the spouse and children

By virtue of their interests in the ultimate holding company, **Dato' Ong Choo Hoon** and **Dato' Dr. Ong Seng Soon** are deemed interested in the shares of the subsidiaries, to the extent that the ultimate holding company has interests.

Details of ESOS granted to executive directors are as follows :

	Options over ordinary shares of RM1 each			
	Balance at 1.9.10	**Granted and accepted**	**Exercised**	**Balance at 31.8.11**
Dato' Ong Choo Hoon	252,000	-	-	252,000
Dato' Dr. Ong Seng Soon	252,000	-	-	252,000
Mardzukhi Bin Abu Bakar	225,000	-	-	225,000
Ong Guat Beng	225,000	-	-	225,000
Ong Seng Chye	225,000	-	-	225,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with a 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 those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects 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 other than the ESOS granted to certain directors.

Directors' Report (Cont'd)
For The Year Ended 31 August 2011

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps :

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts, and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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 allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or

(iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company 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.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in the notes to the financial statements.

AUDITORS

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors :

Dato' Dr. Ong Seng Soon

Ong Guat Beng

Penang,

Date : 9 December 2011

Directors' Statement

We, **Dato' Dr. Ong Seng Soon** and **Ong Guat Beng**, being two of the directors of **PLB Engineering Berhad** state that in the opinion of the directors, the financial statements set out on pages 33 to 99 are 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 at **31 August 2011** and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the directors :

Dato' Dr. Ong Seng Soon **Ong Guat Beng**

Date : 9 December 2011

Statutory Declaration

I, **Ong Guat Beng**, the director primarily responsible for the financial management of **PLB Engineering Berhad** do solemnly and sincerely declare that the financial statements set out on pages 33 to 99 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **9th**)
day of **December 2011**.)

Ong Guat Beng

Before me,

Goh Suan Bee
No.: P125
Commissioner for Oaths

Independent Auditors' Report To The Members Of PLB Engineering Berhad Company No. 418224-X (Incorporated In Malaysia)

Report on the Financial Statements

We have audited the financial statements of **PLB Engineering Berhad**, which comprise the statements of financial position as at **31 August 2011** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 99.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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 entity's preparation of the financial statements that give a true and fair view 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 entity'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 at **31 August 2011** and of their financial performance and cash flows for the financial year then ended.

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 subsidiaries have been properly kept in accordance with the provisions of the Act,
(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
(c) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 38 is to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent Auditors' Report To The Members Of PLB Engineering Berhad Company No. 418224-X (Incorporated In Malaysia) (Cont'd)

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.

Grant Thornton
No. AF : 0042
Chartered Accountants

Dato' N. K. Jasani
No. 708/03/12 (J/PH)
Chartered Accountant

Date : 9 December 2011

Penang

Statements Of Financial Position
As At 31 August 2011

	NOTE	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	**8,850,827**	9,009,310	**1,737**	2,233
Investment properties	4	**11,651,437**	11,936,471	**-**	-
Investment in subsidiaries	5	**-**	-	**77,786,861**	77,276,861
Investment in an associate	6	**384,415**	389,058	**-**	-
Investment in a jointly controlled entity	7	**2,040,983**	7,207,239	**-**	-
Land held for development	8	**13,954,335**	30,871,302	**-**	-
Other investments	9	**1,606,046**	4,253,512	**-**	-
		38,488,043	63,666,892	**77,788,598**	77,279,094
Current assets					
Inventories	10	**2,081,779**	10,201,465	**-**	-
Property development costs	11	**75,910,863**	62,365,202	**-**	-
Gross amount due from customers on contracts	12	**22,939,711**	27,065,976	**-**	-
Trade and other receivables	13	**38,836,209**	37,014,672	**49,085,984**	46,404,729
Tax recoverable		**201,646**	229,615	**11,600**	20,881
Fixed deposits with licensed banks	14	**3,332,548**	2,189,964	**-**	-
Cash and bank balances	15	**3,486,967**	5,856,144	**719,610**	18,796
		146,789,723	144,923,038	**49,817,194**	46,444,406
TOTAL ASSETS		**185,277,766**	208,589,930	**127,605,792**	123,723,500
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	**91,281,667**	91,281,667	**91,281,667**	91,281,667
Treasury shares	17	**(10,508,115)**	(10,508,115)	**(10,508,115)**	(10,508,115)
Reserves	18	**20,982,969**	17,693,554	**24,283,639**	25,520,442
		101,756,521	98,467,106	**105,057,191**	106,293,994
Non-controling interests		**1,099,876**	1,253,115	**-**	-
Total equity		**102,856,397**	99,720,221	**105,057,191**	106,293,994
Non-current liabilities					
Borrowings	19	**25,136,777**	22,264,912	**-**	-
Deferred tax liabilities	20	**1,513,916**	1,234,559	**-**	-
		26,650,693	23,499,471	**-**	-
Current liabilities					
Gross amount due to customers on contracts	12	**7,788,285**	7,062,766	**-**	-
Trade and other payables	21	**15,877,473**	32,281,417	**22,548,601**	17,429,506
Borrowings	19	**31,846,915**	45,941,206	**-**	-
Provision for taxation		**258,003**	84,849	**-**	-
		55,770,676	85,370,238	**22,548,601**	17,429,506
Total liabilities		**82,421,369**	108,869,709	**22,548,601**	17,429,506
TOTAL EQUITY AND LIABILITIES		**185,277,766**	208,589,930	**127,605,792**	123,723,500

The notes set out on pages 41 to 99 form an integral part of these financial statements.

Statements Of Comprehensive Income
For The Financial Year Ended 31 August 2011

	NOTE	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Revenue	22	**88,006,796**	101,470,408	**2,412,965**	2,513,520
Cost of sales/Direct operating costs	23	**(81,900,851)**	(89,067,714)	**-**	-
Expected loss on development project		**(1,505)**	-	**-**	-
Reversal of foreseeable loss on construction contract project		**3,726**	3,590	**-**	-
Gross profit		**6,108,166**	12,406,284	**2,412,965**	2,513,520
Other income		**6,624,937**	84,624	**3,709**	393
General and administrative expenses		**(8,905,761)**	(10,851,554)	**(2,719,420)**	(4,211,974)
Gain from bargain purchase of a subsidiary		**4,152,952**	-	**-**	-
Profit/(Loss) from operations		**7,980,294**	1,639,354	**(302,746)**	(1,698,061)
Finance costs		**(923,203)**	(1,376,206)	**-**	-
Share of results of an associate		**(4,643)**	(16,033)	**-**	-
Share of results of a jointly controlled entity		**333,744**	4,753,390	**-**	-
Profit/(Loss) before taxation	24	**7,386,192**	5,000,505	**(302,746)**	(1,698,061)
Taxation	25	**(312,054)**	(301,949)	**(9,788)**	(6,619)
Profit/(Loss) for the year		**7,074,138**	4,698,556	**(312,534)**	(1,704,680)
Other comprehensive loss, net of tax					
Fair value adjustment on available-for-sale financial assets		**(86,219)**	-	**-**	-
Total comprehensive income/(loss) for the year		**6,987,919**	4,698,556	**(312,534)**	(1,704,680)

The notes set out on pages 41 to 99 form an integral part of these financial statements.

Statements Of Comprehensive Income (Cont'd)

For The Financial Year Ended 31 August 2011

	NOTE	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Profit/(Loss) attributable to :					
Owners of the parent		**7,126,999**	4,501,805	**(312,534)**	(1,704,680)
Non-controlling interests		**(52,861)**	196,751	**-**	-
		7,074,138	4,698,556	**(312,534)**	(1,704,680)
Total comprehensive income/(loss) attributable to :					
Owners of the parent		**7,040,780**	4,501,805	**(312,534)**	(1,704,680)
Non-controlling interests		**(52,861)**	196,751	**-**	-
		6,987,919	4,698,556	**(312,534)**	(1,704,680)
Basic earnings per share attributable to owners of the parent (sen)	**26**	**8.67**	5.48		

The notes set out on pages 41 to 99 form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 August 2011

		Attributable to Owners of the Parent						Non-controlling Interests	Total Equity
			Non-distributable			Distributable			
	NOTE	Share Capital RM	Treasury Shares RM	Share Premium RM	Fair Value Adjustment Reserve RM	Retained Profits/ (Accumulated Losses) RM	Total RM	RM	RM
2011									
Balance at beginning		**91,281,667**	**(10,508,115)**	**15,951,063**	**-**	**1,742,491**	**98,467,106**	**1,253,115**	**99,720,221**
Effect of adopting FRS 139		**-**	**-**	**-**	**(2,827,096)**	**-**	**(2,827,096)**	**-**	**(2,827,096)**
		91,281,667	**(10,508,115)**	**15,951,063**	**(2,827,096)**	**1,742,491**	**95,640,010**	**1,253,115**	**96,893,125**
Total comprehensive income for the year		**-**	**-**	**-**	**(86,219)**	**7,126,999**	**7,040,780**	**(52,861)**	**6,987,919**
Acquisition of investment in subsidiaries		**-**	**-**	**-**	**-**	**-**	**-**	**487,622**	**487,622**
Dividend to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**(588,000)**	**(588,000)**
Dividend	**27**	**-**	**-**	**-**	**-**	**(924,269)**	**(924,269)**	**-**	**(924,269)**
Balance at end		**91,281,667**	**(10,508,115)**	**15,951,063**	**(2,913,315)**	**7,945,221**	**101,756,521**	**1,099,876**	**102,856,397**
2010									
Balance at beginning		91,281,667	(10,353,974)	15,951,063	-	(1,834,748)	95,044,008	1,056,364	96,100,372
Total comprehensive income for the year		-	-	-	-	4,501,805	4,501,805	196,751	4,698,556
Dividend	27	-	-	-	-	(924,566)	(924,566)	-	(924,566)
Purchase of treasury shares	17	-	(154,141)	-	-	-	(154,141)	-	(154,141)
Balance at end		91,281,667	(10,508,115)	15,951,063	-	1,742,491	98,467,106	1,253,115	99,720,221

The notes set out on pages 41 to 99 form an integral part of these financial statements.

Statement Of Changes In Equity

For The Financial Year Ended 31 August 2011

			|-------- Non-distributable --------|		Distributable	
	NOTE	Share Capital RM	Treasury Shares RM	Share Premium RM	Retained Profits RM	Total Equity RM
2011						
Balance at beginning		**91,281,667**	**(10,508,115)**	**15,951,063**	**9,569,379**	**106,293,994**
Total comprehensive loss for the year		**-**	**-**	**-**	**(312,534)**	**(312,534)**
Dividend	**27**	**-**	**-**	**-**	**(924,269)**	**(924,269)**
Balance at end		**91,281,667**	**(10,508,115)**	**15,951,063**	**8,332,576**	**105,057,191**
2010						
Balance at beginning		91,281,667	(10,353,974)	15,951,063	12,198,625	109,077,381
Total comprehensive loss for the year		-	-	-	(1,704,680)	(1,704,680)
Dividend	27	-	-	-	(924,566)	(924,566)
Purchase of treasury shares	17	-	(154,141)	-	-	(154,141)
Balance at end		91,281,667	(10,508,115)	15,951,063	9,569,379	106,293,994

The notes set out on pages 41 to 99 form an integral part of these financial statements.

Statements Of Cash Flows
For The Financial Year Ended 31 August 2011

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	**7,386,192**	5,000,505	**(302,746)**	(1,698,061)
Adjustments for :				
Deposits forfeited	**(5,000)**	-	**-**	-
Depreciation	**733,620**	858,548	**496**	6,272
Dividend income	**(80)**	(80)	**-**	-
Expected loss on development project	**1,505**	-	**-**	-
Gain from bargain purchase of a subsidiary	**(4,152,952)**	-	**-**	-
Gain on deconsolidation of investment in a subsidiary	**(2)**	-	**-**	-
Gain on disposal of investment properties	**(967,360)**	-	**-**	-
(Gain)/Loss on disposal of property, plant and equipment	**(19,509)**	6,482	**-**	-
Goodwill on consolidation written off	**3,761**	-	**-**	-
Impairment loss on investment in a subsidiary	**-**	-	**1,275**	-
Impairment loss on receivables	**90,000**	294,119	**-**	-
Interest expense	**923,203**	1,376,206	**-**	-
Interest income	**(477,962)**	(76,293)	**-**	-
Property, plant and equipment written off	**38,971**	9,959	**-**	800
Reversal of foreseeable loss on construction contract project	**(3,726)**	(3,590)	**-**	-
Share of results of a jointly controlled entity	**(333,744)**	(4,753,390)	**-**	-
Share of results of an associate	**4,643**	16,033	**-**	-
Operating profit/(loss) before working capital changes	**3,221,560**	2,728,499	**(300,975)**	(1,690,989)
Decrease in inventories	**8,119,686**	262,867	**-**	-
Decrease/(Increase) in property development costs	**5,781,481**	(27,736,136)	**-**	-
Decrease/(Increase) in gross amount due from/to customers on contracts	**5,278,052**	(2,908,007)	**-**	-
(Increase)/Decrease in receivables	**(1,506,122)**	4,336,218	**9,970**	(9,970)
(Decrease)/Increase in payables	**(27,268,287)**	1,008,464	**(72,310)**	1,585,105
Cash used in operations	**(6,373,630)**	(22,308,095)	**(363,315)**	(115,854)
Dividend received	**5,500,000**	9,000,000	**-**	-
Income tax paid	**(1,369,640)**	(699,738)	**(27,600)**	(17,625)
Income tax refund	**378,086**	750,752	**27,094**	-
Interest paid	**(3,205,398)**	(2,235,606)	**-**	-
Interest received	**401,471**	76,293	**-**	-
Net cash used in operating activities carried forward	**(4,669,111)**	(15,416,394)	**(363,821)**	(133,479)

The notes set out on pages 41 to 99 form an integral part of these financial statements.

Statements Of Cash Flows (Cont'd)
For The Financial Year Ended 31 August 2011

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Net cash used in operating activities carried forward	**(4,669,111)**	(15,416,394)	**(363,821)**	(133,479)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash flow on acquisition of equity interests in subsidiaries (Note A)	**16,535,419**	-	**-**	-
Cash flow on deconsolidation of investment in a subsidiary (Note B)	**2**	-	**-**	-
Dividend received	**60**	60	**-**	-
Net change in subsidiaries' balances	**-**	-	**2,500,179**	951,724
Increase in land held for development	**(265,378)**	(12,314,022)	**-**	-
(Placement)/Withdrawal of fixed deposits	**(1,066,093)**	1,229,332	**-**	-
Proceeds from disposal of investment properties	**219,500**	-	**-**	-
Proceeds from disposal of property, plant and equipment	**48,323**	950	**-**	-
Purchase of investment in subsidiaries	**-**	-	**(511,275)**	-
Purchase of other investments	**(265,849)**	(284,209)	**-**	-
Purchase of investment properties	**-**	(14,440)	**-**	-
* Purchase of property, plant and equipment	**(525,977)**	(244,909)	**-**	-
Net cash from/(used in) investing activities	**14,680,007**	(11,627,238)	**1,988,904**	951,724
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	**(924,269)**	(924,566)	**(924,269)**	(924,566)
Dividend paid to non-controlling interests	**(588,000)**	-	**-**	-
(Repayment)/Drawdown of bankers acceptance	**(2,396,068)**	3,035,511	**-**	-
Interest paid	**-**	(72,670)	**-**	-
Payment of finance lease	**(187,357)**	(197,891)	**-**	-
Proceeds from issuance of shares to non-controlling interests of subsidiaries	**487,622**	-	**-**	-
Proceeds from term loan	**2,069,000**	23,100,000	**-**	-
Purchase of treasury shares	**-**	(154,141)	**-**	(154,141)
Repayment of term loans	**(6,160,400)**	(3,242,411)	**-**	-
Net cash (used in)/from financing activities	**(7,699,472)**	21,543,832	**(924,269)**	(1,078,707)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**2,311,424**	(5,499,800)	**700,814**	(260,462)
CASH AND CASH EQUIVALENTS AT BEGINNING	**(15,605,517)**	(10,105,717)	**18,796**	279,258
CASH AND CASH EQUIVALENTS AT END	**(13,294,093)**	(15,605,517)	**719,610**	18,796

The notes set out on pages 41 to 99 form an integral part of these financial statements.

Statements Of Cash Flows (Cont'd)
For The Financial Year Ended 31 August 2011

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Represented by :				
Cash and bank balances	**3,486,967**	5,856,144	**719,610**	18,796
Bank overdrafts	**(16,781,060)**	(21,461,661)	**-**	-
	(13,294,093)	(15,605,517)	**719,610**	18,796
* **Purchase of property, plant and equipment**				
Total acquisition cost	**658,977**	244,909	**-**	-
Acquired under finance lease liabilities	**(133,000)**	-	**-**	-
Total cash acquisition	**525,977**	244,909	**-**	-
Note A				
Cash flow on acquisition of equity interests in subsidiaries				
Receivables	**405,415**	-	**-**	-
Cash and bank balances	**16,535,474**	-	**-**	-
Payables	**(11,631,643)**	-	**-**	-
Provision for taxation	**(1,160,000)**	-	**-**	-
Share of net assets acquired	**4,149,246**	-	**-**	-
Goodwill on consolidation written off	**3,761**	-	**-**	-
Gain from bargain purchase of a subsidiary	**(4,152,952)**	-	**-**	-
Total consideration paid	**55**	-	**-**	-
Less : Cash and bank balances	**(16,535,474)**	-	**-**	-
Net cash inflow on acquisition of equity interests in subsidiaries	**(16,535,419)**	-	**-**	-
Note B				
Cash flow on deconsolidation of investment in a subsidiary				
Total consideration received/Net cash inflow on deconsolidation of investment in a subsidiary	**(2)**	-	**-**	-

The notes set out on pages 41 to 99 form an integral part of these financial statements.

Notes To The Financial Statements
For The Financial Year Ended 31 August 2011

1. **GENERAL INFORMATION**

General

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The directors regard Leading Builders Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 9 December 2011.

Principal Activities

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are shown in Note 5 to the financial statements.

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

2. **SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

2.1 **Basis of Preparation**

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in accordance with applicable Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company have adopted new and revised FRSs which are mandatory for the reporting period as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency.

2.2 **Significant Accounting 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.

2.2.1 **Judgements made in applying accounting policies**

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

2.2.2 **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

(i) **Useful lives of depreciable plant and equipment**

The depreciable costs of plant and equipment are allocated on the straight line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 20 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual value of these assets affecting future depreciation charges.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.2.2 **Key sources of estimation uncertainty (cont'd)**

(ii) **Property development**

The Group recognises property development revenue and expenses in the profit or loss using the stage of completion method. The stage of completion is determined either by reference to the proportion that architect progress certificate for work performed to date bear to the estimated total sale value or by the proportion that property development costs incurred to date bear to the estimated total property development costs.

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

(iii) **Construction contract**

The Group recognises contract revenue and contract costs in the profit or loss using the stage of completion method. The stage of completion is measured by reference to the proportion of the survey of works performed to date bear to the estimated total contract sum.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as the recoverability of the construction projects. Total revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

(iv) **Impairment of loans and receivables**

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

2.3 **Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int**

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following new and revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int that are mandatory for current financial year :

<u>New FRSs</u>

FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 139	Financial Instruments : Recognition and Measurement

<u>Revised FRSs</u>

FRS 1	First-time adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements

<u>Amendments/Improvements to FRSs</u>

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment – Vesting Conditions and Cancellations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments : Disclosures

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.3 **Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)**

Amendments/Improvements to FRSs (cont'd)

FRS 8	Operating Segments
FRS 107	Statement of Cash Flows
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Reporting Period
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosures of Government Assistance
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate
FRS 128	Investments in Associates
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 11	FRS 2 – Group and Treasury Share Transactions
IC Int 12	Services Concession Arrangements
IC Int 13	Customer Loyalty Programmes
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners

Amendments to IC Int

IC Int 9	Reassessment of Embedded Derivatives

Initial application of the above standards and interpretations did not have any material effect on the financial statements of the Group and of the Company except for the following :

FRS 3 Business Combinations (Revised) and Amendments to FRS 127 Consolidated and Separate Financial Statements (Revised)

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 August 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interests.

FRS 7 Financial Instruments : Disclosures

Prior to 1 September 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments : Disclosure and Presentation. FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of qualitative and quantitative information about the significance of financial instruments for the Group's and for the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.3 **Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)**

FRS 7 Financial Instruments : Disclosures (cont'd)

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included in the Group's and the Company's financial statements for the financial year ended 31 August 2011.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and by the Company.

FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The Group shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group has adopted this as a prospective change in accounting policy.

FRS 139 Financial Instruments : Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 September 2010 in accordance with the transitional provisions. The details of the changes in accounting policies arising from the adoption of FRS 139 are discussed below :

- **Equity instruments**

  Prior to 1 September 2010, the Group classified their investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 September 2010 as available-for-sale financial assets. Investment in equity instruments whose fair value cannot be reliably measured continued to be carried at cost less impairment losses.

  The effect of this adoption is an adjustment of RM2,827,096 to the Group's fair value adjustment reserve and a corresponding amount credited to other investments as at 1 September 2010.

- **Impairment of trade and other receivables**

  Prior to 1 September 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.3 **Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)**

FRS 139 Financial Instruments : Recognition and Measurement (cont'd)

- **Financial guarantee contracts**

During the current period and prior years, the Company provided financial guarantees to banks and third parties in connection with bank borrowings and contract performance bond granted to certain subsidiaries. Prior to 1 September 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 September 2010.

2.4 **Standards Issued But Not Yet Effective**

(i) **New Malaysian Accounting Standards Board ("MASB") Approved Accounting Framework**

To converge with International Financial Reporting Standards ("IFRSs") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. The Group and the Company qualify as Transitioning Entities and will therefore, adopt the MFRSs for the financial year ending 31 August 2014.

Below are the lists of MFRSs and IC Int issued but not yet effective and have not been early adopted by the Group and by the Company :

MFRSs effective on 1 January 2012

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	Financial Instruments : Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events after the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economies
MFRS 131	Interests in Joint Ventures
MFRS 132	Financial Instruments : Presentation

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.4 **Standards Issued But Not Yet Effective (cont'd)**

(i) **New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards (cont'd)**

MFRSs effective on 1 January 2012 (cont'd)

MFRS 133	Earnings per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments : Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture
IC Int 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int 4	Determining whether an Arrangement contains a Lease
IC Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Int 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 12	Service Concession Arrangements
IC Int 13	Customer Loyalty Programmes
IC Int 14	MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int 15	Agreements for the Construction of Real Estate
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int 107	Introduction of the Euro
IC Int 110	Government Assistance – No Specific Relation to Operating Activities
IC Int 112	Consolidation – Special Purpose Entities
IC Int 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
IC Int 115	Operating Leases – Incentives
IC Int 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Int 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int 129	Service Concession Arrangements: Disclosures
IC Int 131	Revenue – Barter Transactions Involving Advertising Services
IC Int 132	Intangible Assets – Web Site Costs

MFRS effective on 1 July 2012

MFRS 101	Presentation of Financial Statement. Amendments in relation to Presentation of Items of Other Comprehensive Income

MFRSs effective after 1 January 2013

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine

The Company will consider the implications of the above new MASB approved accounting framework on the financial statements of the Group and of the Company in due course.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.4 **Standards Issued But Not Yet Effective (cont'd)**

(ii) **New and revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int**

The following are revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int which are not yet effective and have not been early adopted by the Group and by the Company :

		Effective for financial periods beginning on or after
New FRSs		
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2013
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
Revised FRSs		
FRS 119	Employee Benefits (as amended in November 2011)	1 January 2013
FRS 124	Related Party Disclosures	1 January 2012
FRS 127	Separate Financial Statements (as amended in November 2011)	1 January 2013
FRS 128	Investments in Associates and Joint Ventures (as amended in November 2011)	1 January 2013
Amendments/Improvements to FRSs		
FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters	1 January 2011
FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
FRS 3	Business Combinations	1 January 2011
FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
FRS 7	Disclosures – Transfer of Financial Assets	1 January 2012
FRS 101	Presentation of Financial Statements	1 January 2011
FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 112	Deferred tax : Recovery of Underlying Assets	1 January 2012
FRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2011
FRS 128	Investments in Associates	1 January 2011
FRS 131	Interests in Joint Ventures	1 January 2011
FRS 132	Financial Instruments : Presentation	1 January 2011
FRS 134	Interim Financial Reporting	1 January 2011
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2011

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.4 **Standards Issued But Not Yet Effective (cont'd)**

(ii) **New and revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int (cont'd)**

		Effective for financial periods beginning on or after
IC Int		
IC Int 4	Determining Whether an Arrangement contains a Lease	1 January 2011
IC Int 18	Transfers of Assets from Customers	1 January 2011
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int		
IC Int 13	Customer Loyalty Programmes	1 January 2011
IC Int 14	Prepayments of a Minimum Funding Requirement	1 July 2011

The directors anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Group and of the Company in the period for initial application except for those standards effective for financial period beginning on or after 1 January 2013 which the Company will be considering the implications on the financial statements of the Group and of the Company in due course.

(iii) **Withdrawal of FRSs and IC Int**

FRSs

FRS 119	Employee Benefits (2007)
FRS 127	Consolidated and Separate Financial Statements (2010)
FRS 128	Investments in Associates (2005)
FRS 131	Interests in Joint Ventures (2005)

IC Int

IC Int 9	Reassessment of Embedded Derivatives (2008)
IC Int 15	Agreements for the Construction of Real Estate (2010)
IC Int 112	Consolidation – Special Purpose Entities (2005)
IC Int 113	Jointly Controlled Entities – Non-Monetary Contributions by Ventures (2005)
IC Int 121	Income Taxes – Recovery of Revalued Non-depreciable Assets (2005)

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.5 **Subsidiaries and Basis of Consolidation**

Subsidiaries

Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating activities so as to obtain benefits therefrom.

Investment in subsidiaries which is eliminated on consolidation is stated at cost less accumulated impairment losses in the Company's separate financial statements.

Upon the disposal of an investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

Basis of Consolidation

The financial statements of the Group include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial year. The Group adopts both the merger and acquisition methods of consolidation.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

The acquisitions of the subsidiaries prior to 31 August 2001 are consolidated under merger accounting principles. As permitted by the transitional provisions of FRS 3 – Business Combinations, the consolidation method for business combinations for which the agreements dated prior to 1 January 2006 are to remain the same. The results of the companies being merged are included for the full financial year and the consolidated financial statements are presented as if the companies had been combined throughout the previous financial years. Merger debit arising on consolidation, which represents the excess of the nominal value of shares in subsidiaries acquired and the nominal value of shares issued for the acquisition is set off against Group reserves.

Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.6 **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Certain land and buildings are subsequently shown at valuation based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment losses.

Surpluses arising on revaluation are credited to asset revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the asset revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is recognised in profit or loss.

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates :

Buildings	2% - 10%
Plant and machinery	10% - 20%
Office equipment, furniture and fixtures	5% - 20%
Motor vehicles	10% - 20%

Freehold land is not depreciated as it has an infinite life.

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

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is included in the profit or loss and the attributable portion of the revaluation surplus is taken directly to retained profits.

2.7 **Investment Properties**

Investment properties are properties which are held to earn rental income or for capital appreciation or both. Such properties are measured initially at cost. Initial cost comprises purchase price and any directly attributable expenditure for a purchased investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Certain land, buildings, freehold commercial lots and flats are subsequently shown at valuation based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment losses.

Surpluses arising on revaluation are credited to asset revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the asset revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to the profit or loss.

Buildings, freehold commercial lots and flats and apartments are depreciated on the straight line method to write off the cost to their residual value over their estimated useful lives at 2% per annum while the leasehold land is amortised over the remaining lease period of 30 to 98 years.

Freehold land is not depreciated as it has an infinite life.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of investment properties.

Upon the disposal of an investment property, the difference between the net disposal proceeds and its carrying amount is included in the profit or loss and the attributable portion of the revaluation surplus is taken directly to retained profits.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.8 **Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Finance lease

A finance lease which includes hire purchase arrangement, is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the leasee. Title may or may not eventually be transferred.

Plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

Operating leases

An operating lease is a lease other than finance lease.

Operating lease income or operating lease rental are recognised in profit or loss on a straight line basis over the period of the lease.

2.9 **Investments**

Associates

An associate is defined as one in which the Company has significant influence, but not control, over the financial and operating policies.

Investment in associates is accounted for in the consolidated financial statements by the equity method of accounting based on audited financial statements of the associates, where appropriate. Under the equity method of accounting, the Group's share of profits and losses of the associates during the year is included in the consolidated statement of comprehensive income. The Group's interest in associates is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associates.

Unrealised profits arising on transactions between the Group and its associates which are included in its carrying amount of the related assets and liabilities are eliminated to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated unless cost cannot be recovered.

The equity method of accounting is discontinued when the Group's share of losses of the associates exceeds the carrying amount of investment, unless the Group has incurred obligations or guaranteed obligations in respect of the associates.

In the Company's separate financial statements, investment in associates is stated at cost less any accumulated impairment losses.

Upon the disposal of investment in an associate, the difference between the net disposal proceeds and its carrying amount is included in the profit or loss.

Jointly controlled entities

Jointly controlled entities are enterprises in which the Group has contractually agreed to share its control with one or more parties.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.9 **Investments (cont'd)**

Jointly controlled entities (cont'd)

Investment in jointly controlled entities is accounted for in the consolidated financial statements by the equity method of accounting based on audited or management financial statements of the jointly controlled entities, where appropriate. Under the equity method of accounting, the Group's share of profits and losses of the jointly controlled entities during the year is included in the consolidated statement of comprehensive income. The Group's interest in jointly controlled entities is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the jointly controlled entities.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

The equity method of accounting is discontinued when the Group's share of losses of the jointly controlled entities exceeds its carrying amount of investment, unless the Group has incurred obligations or guaranteed obligations in respect of the jointly controlled entities.

In the Company's separate financial statements, investment in jointly controlled entities is stated at cost less any accumulated impairment losses.

Upon the disposal of investment in a jointly controlled entity, the difference between the net disposal proceeds and its carrying amount is included in the profit or loss.

2.10 **Land Held for Development and Property Development Costs**

Land held for development

Land held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any impairment losses.

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

Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined either by reference to the proportion that architect progress certificate for work performed to date bear to the estimated total sale value or by the proportion that property development costs incurred to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as expenses in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as expenses are recognised as assets, which are measured at the lower of cost and net realisable value.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.10 **Land Held for Development and Property Development Costs (cont'd)**

Property development costs (cont'd)

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

2.11 **Construction Contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contracts costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of the survey of works performed to date to the estimated total contract sum.

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

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billing, the balance is classified as amount due from customers on contracts. When progress billings exceeds costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.12 **Impairment of Non-Financial Assets**

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

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

2.13 **Financial Assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.13 **Financial Assets (cont'd)**

The Group and the Company determine the classification of their financial assets at initial recognition, and categorise their financial assets as loans and receivables and available-for-sale financial assets.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(a) **Loans and receivables**

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, trade and most other receivables, refundable deposits as well as intercompany balances fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

(b) **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include investments in shares quoted in Malaysia.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the assets are disposed of or are determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Interest calculated using the effective interest method and dividends are recognised in profit or loss. Dividends on an available-for-sale equity are recognised in profit or loss when the Group's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

2.14 **Impairment of Financial Assets**

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.14 **Impairment of Financial Assets (cont'd)**

(a) **Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default in receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) **Available-for-sale financial assets**

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.15 **Inventories**

Construction materials purchased for the Group's projects are stated at cost. Cost is determined on the first-in, first-out basis.

Freehold land and completed development units are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis.

Net realisable value is the estimated selling price less the estimated cost necessary to make the sale.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.16 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

2.17 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2.18 Financial Liabilities

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classified their financial liabilities as other financial liabilities.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, intercompany balances as well as loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2.19 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2.20 Income Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Construction contract revenue

Revenue from construction contracts is accounted for by the stage of completion method as described in the accounting policy as set out in Note 2.11.

Property development revenue

Revenue from sale of properties is accounted for by the stage of completion method as described in the accounting policy as set out in Note 2.10.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Dividend income

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

Rental, interest and management fee income

These income are recognised on the accrual basis.

2.21 Employee Benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

Equity compensation benefits

The Employees Share Option Scheme ("ESOS") of the Company grants the Group's employees options to subscribe for shares in the Company at pre-determined subscription prices. Pursuant to the transitional provisions of FRS 2 : Share-based Payment, no compensation costs or obligations are recognised in the financial statements as all the ESOS were granted before 31 December 2004. When the options are exercised, equity is increased by the amount of proceeds received.

2.22 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted by the end of the reporting period.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.22 **Income Tax (cont'd)**

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

2.23 **Share Capital and Share Issuance Expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.24 **Segment Reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.25 **Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

3. **PROPERTY, PLANT AND EQUIPMENT**

GROUP

2011

	At valuation/cost					
	Balance at beginning RM	Reclassified from land held for development RM	Additions RM	Disposals RM	Written off RM	Balance at end RM
At valuation :						
Freehold land	2,174,200	-	-	-	-	2,174,200
Buildings	4,825,800	-	-	-	-	4,825,800
At cost :						
Freehold land	134,460	8,694	-	-	-	143,154
Buildings	2,134,709	2,084	97,136	-	-	2,233,929
Plant and machinery	8,742,003	-	123,674	-	(85,482)	8,780,195
Office equipment, furniture and fixtures	2,827,509	-	219,605	(116,420)	(619,773)	2,310,921
Motor vehicles	5,397,729	-	218,562	(101,172)	-	5,515,119
	26,236,410	10,778	658,977	(217,592)	(705,255)	25,983,318

	Accumulated depreciation					
	Balance at beginning RM	Reclassified from land held for development	Current charge RM	Disposals RM	Written off RM	Balance at end RM
At valuation :						
Freehold land	-	-	-	-	-	-
Buildings	1,257,385	-	96,516	-	-	1,353,901
At cost :						
Freehold land	-	-	-	-	-	-
Buildings	530,342	-	41,732	-	-	572,074
Plant and machinery	8,363,023	-	123,723	-	(85,481)	8,401,265
Office equipment, furniture and fixtures	2,236,832	-	208,571	(114,804)	(580,803)	1,749,796
Motor vehicles	4,839,518	-	289,911	(73,974)	-	5,055,455
	17,227,100	-	760,453	(188,778)	(666,284)	17,132,491

	Carrying amount at end RM
At valuation :	
Freehold land	2,174,200
Buildings	3,471,899
At cost :	
Freehold land	143,154
Buildings	1,661,855
Plant and machinery	378,930
Office equipment, furniture and fixtures	561,125
Motor vehicles	459,664
	8,850,827

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

3. **PROPERTY, PLANT AND EQUIPMENT (cont'd)**

GROUP

2010	At valuation/cost				
	Balance at beginning RM	Additions RM	Disposals RM	Written off RM	Balance at end RM
At valuation :					
Freehold land	2,174,200	-	-	-	2,174,200
Buildings	4,825,800	-	-	-	4,825,800
At cost :					
Freehold land	134,460	-	-	-	134,460
Buildings	2,134,709	-	-	-	2,134,709
Plant and machinery	8,597,948	149,995	-	(5,940)	8,742,003
Office equipment, furniture and fixtures	2,759,764	94,914	(12,748)	(14,421)	2,827,509
Motor vehicles	5,397,729	-	-	-	5,397,729
	26,024,610	244,909	(12,748)	(20,361)	26,236,410

	Accumulated depreciation				
	Balance at beginning RM	Current charge RM	Disposals RM	Written off RM	Balance at end RM
At valuation :					
Freehold land	-	-	-	-	-
Buildings	1,160,869	96,516	-	-	1,257,385
At cost :					
Freehold land	-	-	-	-	-
Buildings	490,594	39,748	-	-	530,342
Plant and machinery	8,243,879	121,215	-	(2,071)	8,363,023
Office equipment, furniture and fixtures	2,026,083	224,396	(5,316)	(8,331)	2,236,832
Motor vehicles	4,581,504	258,014	-	-	4,839,518
	16,502,929	739,889	(5,316)	(10,402)	17,227,100

	Carrying amount at end RM
At valuation :	
Freehold land	2,174,200
Buildings	3,568,415
At cost :	
Freehold land	134,460
Buildings	1,604,367
Plant and machinery	378,980
Office equipment, furniture and fixtures	590,677
Motor vehicles	558,211
	9,009,310

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

3. **PROPERTY, PLANT AND EQUIPMENT (cont'd)**

COMPANY

	Furniture and fixtures **2011** **RM**	2010 RM
At cost :		
Balance at beginning	**71,610**	73,210
Written off	**-**	(1,600)
Balance at end	**71,610**	71,610
Accumulated depreciation :		
Balance at beginning	**69,377**	63,905
Current charge	**496**	6,272
Written off	**-**	(800)
Balance at end	**69,873**	69,377
Carrying amount	**1,737**	2,233

GROUP

(i) The properties at valuation were revalued on the open market value basis by the directors on 18 September 1997 based on a valuation exercise by an independent firm of professional valuers and as approved by the Securities Commission.

The historical cost of revalued properties are as follows :

	Freehold land RM	Buildings RM
2011		
At cost	**600,000**	**133,863**
Accumulated depreciation	**-**	**(56,220)**
Carrying amount	**600,000**	**77,643**

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

3. **PROPERTY, PLANT AND EQUIPMENT (cont'd)**

	Freehold land RM	Buildings RM
2010		
At cost	600,000	133,863
Accumulated depreciation	-	(53,542)
Carrying amount	600,000	80,321

(ii) The carrying amount of motor vehicles acquired under finance lease is **RM265,740** (2010 : RM402,659). The leased assets are pledged as security for the related finance lease liabilities (Note 19).

(iii) The carrying amount of properties charged to licensed banks as securities for banking facilities granted to certain subsidiaries is **RM7,345,178** (2010 : RM7,481,442).

(iv) The depreciation charge for the financial year is accounted for as follows :

	2011 RM	2010 RM
Recognised in profit or loss (Note 24)		
- General and administrative expenses	**440,945**	453,744
- Construction contract costs	**22,081**	-
	463,026	453,744
Capitalised in construction contract costs (Note 12)	**297,427**	286,145
	760,453	739,889

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2011

4. INVESTMENT PROPERTIES

GROUP

	Freehold land RM	Long leasehold land RM	Short leasehold land RM	Buildings RM	Freehold commercial lots and flats RM	Freehold land RM	Long leasehold land RM	Short leasehold land RM	Buildings RM	Freehold commercial lots and apartments RM	Total RM
	At valuation					At cost					
2011											
At valuation/cost :											
Balance at beginning	1,199,750	105,898	86,129	3,145,822	1,380,000	647,806	84,304	1,080,000	2,325,025	4,595,662	14,650,396
Disposals	-	-	-	-	-	(14,440)	-	-	-	-	(14,440)
Balance at end	1,199,750	105,898	86,129	3,145,822	1,380,000	633,366	84,304	1,080,000	2,325,025	4,595,662	14,635,956
Accumulated depreciation :											
Balance at beginning	-	6,832	8,075	737,159	315,996	-	1,756	116,757	209,817	904,349	2,300,741
Current charge	-	1,708	2,691	62,916	27,600	-	879	29,189	53,698	91,913	270,594
Balance at end	-	8,540	10,766	800,075	343,596	-	2,635	145,946	263,515	996,262	2,571,335
Accumulated impairment losses :											
Balance at beginning/end	46,648	-	-	86,353	-	18,390	-	-	26,892	234,901	413,184
Carrying amount	1,153,102	97,358	75,363	2,259,394	1,036,404	614,976	81,669	934,054	2,034,618	3,364,499	11,651,437
Fair value	1,305,000	351,333	165,000	2,242,619	1,280,000	2,387,050	152,517	1,100,000	860,637	4,275,000	14,119,156
2010											
At valuation/cost :											
Balance at beginning	1,199,750	105,898	86,129	3,145,822	1,120,000	633,366	84,304	1,080,000	2,325,025	4,595,662	14,375,956
Additions	-	-	-	-	-	14,440	-	-	-	-	14,440
Reclassified from inventories	-	-	-	-	260,000	-	-	-	-	-	260,000
Balance at end	1,199,750	105,898	86,129	3,145,822	1,380,000	647,806	84,304	1,080,000	2,325,025	4,595,662	14,650,396
Accumulated depreciation :											
Balance at beginning	-	-	-	643,397	288,396	-	-	-	151,708	812,436	1,895,937
Current charge	-	6,832	8,075	93,762	27,600	-	1,756	116,757	58,109	91,913	404,804
Balance at end	-	6,832	8,075	737,159	315,996	-	1,756	116,757	209,817	904,349	2,300,741
Accumulated impairment losses :											
Balance at beginning/end	46,648	-	-	86,353	-	18,390	-	-	26,892	234,901	413,184
Carrying amount	1,153,102	99,066	78,054	2,322,310	1,064,004	629,416	82,548	963,243	2,088,316	3,456,412	11,936,471
Fair value	1,305,000	351,333	165,000	2,242,619	1,280,000	2,401,490	152,517	1,100,000	860,637	4,375,000	14,233,596

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

4. **INVESTMENT PROPERTIES (cont'd)**

GROUP

(i) Long leasehold land refers to land with remaining lease period of more than 50 years while short leasehold land refers to land with remaining lease period of less than 50 years determined as at the end of the reporting period.

(ii) Investment properties amounting to **RM8,806,314** (2010 : RM9,032,065) are pledged to a licensed bank as securities for banking facilities granted to certain subsidiaries.

(iii) The fair value of investment properties at the end of the reporting period is derived based on directors' valuation by reference to the existing market condition.

(iv) The amounts recognised in the profit or loss are as follows :

	2011 **RM**	2010 RM
Rental income from investment properties	**475,459**	426,497
Direct operating expenses arising from investment properties that generated rental income during the year	**309,742**	309,134
Direct operating expenses arising from investment properties that did not generate rental income during the year	**91,638**	35,605

(v) The landed properties at valuation were revalued by independent valuers namely Henry Butcher Malaysia (Seberang Perai) Sdn. Bhd., Henry Butcher Malaysia (Kedah) Sdn. Bhd. and Henry Butcher Malaysia (Penang) Sdn. Bhd., based on the open market value basis.

(vi) Freehold land, buildings, and freehold office lots and flats at valuation were revalued on the open market value basis by the directors of a subsidiary on 18 September 1997 based on a valuation exercise by an independent firm of professional valuers and as approved by the Securities Commission. With the adoption of FRS 140 : Investment Property, such properties are now accounted for as investment properties and are stated at their original valuation less accumulated depreciation and accumulated impairment losses.

The historical cost of revalued properties are as follow :

	Freehold land RM	**Long leasehold land RM**	**Short leasehold land RM**	**Buildings RM**	**Freehold office lots and flats RM**
2011					
At cost	**185,613**	**100,260**	**46,213**	**1,422,135**	**979,785**
Accumulated depreciation	**-**	**(22,868)**	**(12,936)**	**(637,602)**	**(470,298)**
Accumulated impairment losses	**(46,648)**	**-**	**-**	**(86,353)**	**-**
Carrying amount	**138,965**	**77,392**	**33,277**	**698,180**	**509,487**
2010					
At cost	185,613	100,260	46,213	1,422,135	979,785
Accumulated depreciation	-	(20,863)	(12,012)	(609,159)	(450,702)
Accumulated impairment losses	(46,648)	-	-	(86,353)	-
Carrying amount	138,965	79,397	34,201	726,623	529,083

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

5. **INVESTMENT IN SUBSIDIARIES**

	COMPANY	
	2011	2010
	RM	RM
Unquoted shares, at cost	**77,788,136**	77,276,861
Less : Impairment loss	**(1,275)**	-
	77,786,861	77,276,861

Details of the subsidiaries, which are all incorporated in Malaysia, are as follows :

Name of Company	Effective Equity Interest 2011	2010	Principal Activities
	%	%	
Direct			
PLB-KH Bina Sdn. Bhd.	**100**	100	Contracting and construction of industrial, residential and commercial building works, renovation works, property development and investment and property holdings.
PLB Land Sdn. Bhd.	**100**	100	Property letting, investment holding and property development.
Dynabricks Sdn. Bhd.	**100**	100	Dormant.
Gaintrend Sdn. Bhd.	**100**	100	Building construction and property development.
PLB Ventures Sdn. Bhd.	**100**	100	Investment holding.
QM Power Machinery Sdn. Bhd.	**51**	-	The subsidiary has not commenced operations as at the end of the reporting period.
PLB Terang Sdn. Bhd.	**51**	-	Provision of waste management services. However, the subsidiary has not commenced operations as at the end of the reporting period.
Indirect – held through PLB-KH Bina Sdn. Bhd.			
Fattigold Sdn. Bhd.	**51**	51	Property development.
PLB Alam Sdn. Bhd.	**100**	100	Building construction, engineering work and investment holding. However, the subsidiary has not commenced operations during the financial year.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

5. **INVESTMENT IN SUBSIDIARIES (cont'd)**

Name of Company	Effective Equity Interest 2011	2010	Principal Activities
	%	%	
Indirect – held through PLB Land Sdn. Bhd.			
Era Pujaan Sdn. Bhd.	**100**	100	Property development. However, the subsidiary did not undertake any development project during the financial year. Instead the subsidiary rented out a portion of the development properties earmarked for development.
Hektar Pujaan Sdn. Bhd.	**100**	100	Property development. However, the subsidiary did not undertake any development project during the financial year.
Excelgrand Properties Sdn. Bhd.	**100**	100	Property development and sale of red earth.
Indah Mulia Development Sdn. Bhd.	**100**	100	Property development.
Pelangi Sehati Development Sdn. Bhd.	**100**	100	Property development.
Sebadi Corporation Sdn. Bhd.	**100**	100	Property development.
Imbas Kaya Sdn. Bhd.	**-**	100	Property development.
Landsdale Development Sdn. Bhd.	**100**	100	Property development.
PLB Leisure Sdn. Bhd.	**100**	100	Property development. However, the subsidiary did not undertake any development project during the financial year.
Builtonlands Palm Sdn. Bhd.	**100**	100	Property development.
United Empire Development Sdn. Bhd.	**100**	-	Property development.
Indirect – held through PLB Ventures Sdn. Bhd.			
PLB Steel Engineering Sdn. Bhd.	**100**	100	Steel and metal fabrication works and related construction activities. However, the subsidiary did not undertake such activities during the financial year.
PLB Green Construction Sdn. Bhd.	**70**	70	Contracting and construction of industrial, residential and commercial building works, and renovation works.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

5. **INVESTMENT IN SUBSIDIARIES (cont'd)**

2011

(i) On 19 November 2010, the Company had acquired 51 ordinary shares of RM1 each, representing 51% equity interest in QM Power Machinery Sdn. Bhd. for a total cash consideration of RM51.

(ii) On 29 November 2010, the Group through PLB Land Sdn. Bhd. had acquired 60% equity interest in the issued and paid-up capital of United Empire Development Sdn. Bhd. ("UED") for a total cash consideration of RM2.

On 28 February 2011, PLB Land Sdn. Bhd. had acquired the remaining 40% equity interest in the issued and paid-up capital of UED for a total cash consideration of RM2.

(iii) On 17 January 2011, the Company had incorporated a 51% owned subsidiary by the name of PLB Terang Sdn. Bhd. with an issued and paid-up capital of RM100 comprising 100 ordinary shares of RM1 each for a total cash consideration of RM51.

(iv) On 22 August 2011, the Group through PLB Land Sdn. Bhd. had disposed of 100% equity interest in Imbas Kaya Sdn. Bhd. for a total cash consideration of RM2 and this disposal did not have a material effect on the financial results and position of the Group for the financial year ended 31 August 2011.

The effect of the above mentioned acquisitions on the financial results of the Group for the financial year ended 31 August 2011 is as follows :

	RM
Revenue	-
Administrative expenses	(16,319)
Operating loss	(16,319)
Gain from bargain purchase of a subsidiary	4,152,952
Profit before taxation	4,136,633
Taxation	355,000
Increase in Group's profit	4,491,633

The effect of the above mentioned acquisitions on the financial position of the Group as at 31 August 2011 is as follows :

	RM
Trade and other receivables	156,601
Cash and bank balances	5,904
Trade and other payables	(2,759,446)
Provision for taxation	(151,665)
Decrease in Group's net assets	(2,748,606)

2010

On 9 April 2010, the Group through PLB KH-Bina Sdn. Bhd. has acquired 2 ordinary shares of RM1 each in PLB Alam Sdn. Bhd. for a cash consideration of RM2, and this acquisition did not have a material effect on the financial results and position of the Group for the financial year ended 31 August 2010.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

6. **INVESTMENT IN AN ASSOCIATE**

	GROUP	
	2011	2010
	RM	RM
Unquoted shares, at cost	**300,000**	300,000
Share of post-acquisition reserves	**84,415**	89,058
	384,415	389,058
Analysed as follows :		
Share of net assets	**384,415**	389,058

Details of the associate, which is incorporated in Malaysia, are as follows :

Name of Company	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Indirect – held through PLB Ventures Sdn. Bhd.			
Diligent Success Sdn. Bhd.	**50**	50	Construction of buildings, repair and upgrading works, and the provision of marketing and consultancy services in relation to construction engineering and related works.

The summarised financial information of the associate is as follows :

	2011	2010
	RM	RM
Assets and liabilities		
Current assets	**1,226,858**	1,161,684
Current liabilities	**458,027**	383,567
Results		
Loss for the year	**(9,286)**	(32,066)

The above summarised financial information is based on the audited financial statements of the associate for the financial year ended 31 August 2011.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

7. **INVESTMENT IN A JOINTLY CONTROLLED ENTITY**

	GROUP	
	2011	2010
	RM	RM
Unquoted shares, at cost	**500,000**	500,000
Share of post-acquisition reserves	**16,040,983**	15,707,239
	16,540,983	16,207,239
Less : Dividend received	**(14,500,000)**	(9,000,000)
	2,040,983	7,207,239
Analysed as follows :		
Share of net assets	**2,040,983**	7,207,239

Details of the jointly controlled entity, which is incorporated in Malaysia, are as follows :

Name of Company	Effective Equity Interest 2011	2010	Principal Activity
	%	%	
Indirect – held through PLB Leisure Sdn. Bhd.			
PLB-Wonder Bay Development Sdn. Bhd.	**50**	50	Property development.

The summarised financial information of the jointly controlled entity is as follows :

	2011	2010
	RM	RM
Assets and liabilities		
Current assets	**5,098,214**	16,595,032
Current liabilities	**1,016,249**	2,180,554
Results		
Income	**543,056**	37,019,739
Expenses (including taxation)	**(124,431)**	27,512,959

The above summarised financial statements is based on the audited financial statements of the jointly controlled entity for the financial year ended 31 August 2011.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

8. **LAND HELD FOR DEVELOPMENT**

	GROUP	
	2011	2010
	RM	RM
Freehold land, at valuation		
Balance at beginning	**7,002,115**	8,239,875
Additions	**465**	261
Disposals	**-**	(1,238,021)
Balance at end	**7,002,580**	7,002,115
Freehold land, at cost		
Balance at beginning	**18,994,774**	17,395,753
Additions	**556**	10,190,360
Reclassified to property development costs	**(12,042,671)**	(8,591,339)
Reclassified to property, plant and equipment	**(10,778)**	-
Balance at end	**6,941,881**	18,994,774
Long leasehold land, at cost		
Balance at beginning	**93,928**	93,928
Reclassified to property development costs	**(93,928)**	-
Balance at end	**-**	93,928
Short leasehold land, at cost		
Balance at beginning	**2,780,849**	2,780,849
Reclassified to property development costs	**(2,780,849)**	-
Balance at end	**-**	2,780,849
Property development costs		
Balance at beginning	**1,999,636**	2,814,564
Additions	**264,357**	509,315
Reclassified to property development costs	**(2,254,119)**	(1,324,243)
Balance at end	**9,874**	1,999,636
	13,954,335	30,871,302
Represented by :		
Freehold land - at valuation	**7,002,580**	7,002,115
- at cost	**6,941,881**	18,994,774
Long leasehold land, at cost	**-**	93,928
Short leasehold land, at cost	**-**	2,780,849
Development costs	**9,874**	1,999,636
	13,954,335	30,871,302

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

8. **LAND HELD FOR DEVELOPMENT (cont'd)**

Included in the additions of property development costs during the year is interest expenses amounting to **RM Nil** (2010 : RM72,670).

The freehold land, short leasehold land and long leasehold land with carrying amount of **RM5,391,979** (2010 : RM11,505,013) are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries.

Long leasehold land refers to land with remaining lease period of more than 50 years while short leasehold land refers to land with remaining lease period of less than 50 years determined as at the end of the reporting period.

Freehold land at valuation was revalued on the open market value basis by the directors of certain subsidiaries on 18 September 1997 based on a valuation exercise by an independent firm of professional valuers and as approved by the Securities Commission.

As permitted under the transitional provisions of FRS 201 : Property Development Activities, the subsidiaries continue to retain the revalued amount of the land as its surrogate cost.

9. **OTHER INVESTMENTS**

	2011 RM
GROUP	
Available-for-sale financial assets :	
Shares quoted in Malaysia	
Balance at beginning	**4,253,512**
Effect of adopting FRS 139	**(2,827,096)**
	1,426,416
Additions during the year	**265,849**
Fair value adjustment	**(86,219)**
Balance at end	**1,606,046**
Market value of quoted shares in Malaysia	**1,606,046**

	2010 RM
Shares quoted in Malaysia, at cost	6,011,682
Less : Impairment losses	(1,758,170)
	4,253,512
Market value of quoted shares in Malaysia	1,426,416

Prior to 1 September 2010, the Group classified its quoted investments as non-current investments which were carried at cost less impairment losses. With the adoption of FRS139, these investments are now classified as financial assets available-for-sale and are measured at fair value.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

10. **INVENTORIES**

	GROUP	
	2011	2010
	RM	RM
At cost :		
Freehold land	**141,853**	493,400
Completed development units	**1,002,937**	4,033,086
Less : Reclassified to investment properties	**-**	(260,000)
	1,002,937	3,773,086
	1,144,790	4,266,486
At net realisable value :		
Completed development units	**936,989**	5,934,979
	2,081,779	10,201,465

The completed development units with carrying amount of **RM234,255** (2010 : RM927,215) are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries.

11. **PROPERTY DEVELOPMENT COSTS**

	GROUP	
	2011	2010
	RM	RM
At cost :		
Balance at beginning		
- Freehold land, at cost	**53,091,233**	7,047,132
- Development costs	**13,927,740**	43,009,499
	67,018,973	50,056,631
Costs incurred during the year		
Freehold land		
- Addition	**-**	38,000,000
- Reclassified from land held for development	**12,042,671**	8,591,339
	12,042,671	46,591,339
Long leasehold land		
- Reclassified from land held for development	**93,928**	-
Short leasehold land		
- Reclassified from land held for development	**2,780,849**	-
Development costs		
- Additions	**10,903,280**	27,884,036
- Reclassified from land held for development	**2,254,119**	1,324,243
	13,157,399	29,208,279
Balance carried forward	**95,093,820**	125,856,249

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

11. **PROPERTY DEVELOPMENT COSTS (cont'd)**

	GROUP	
	2011	2010
	RM	RM
Balance brought forward	**95,093,820**	125,856,249
Transfer to inventories	**-**	(3,590,378)
Reversal of completed projects	**-**	(55,246,898)
Balance at end	**95,093,820**	67,018,973
Expected loss during the financial year	**(1,505)**	-
Cost recognised in profit or loss		
Balance at beginning	**(4,653,771)**	(26,089,381)
Reversal of completed projects	**-**	55,246,898
Recognised during the year	**(14,527,681)**	(33,811,288)
Balance at end	**(19,181,452)**	(4,653,771)
	75,910,863	62,365,202
Represented by :		
Freehold land	**65,133,904**	53,091,233
Long leasehold land	**93,928**	-
Short leasehold land	**2,780,849**	-
Development costs	**27,085,139**	13,927,740
Costs recognised in profit or loss	**(19,181,452)**	(4,653,771)
Expected loss	**(1,505)**	-
	75,910,863	62,365,202

Included in development costs incurred during the year are the following :

	2011	2010
	RM	RM
Interest expense	**2,157,080**	696,234
Rental of land and buildings	**12,216**	9,160

The freehold land, short leasehold land and long leasehold land with carrying amount of **RM52,704,373** (2010 : RM46,591,339) are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries.

Long leasehold land refers to land with remaining lease period of more than 50 years while short leasehold land refers to land with remaining lease period of less than 50 years determined as at the end of the reporting period.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

12. **GROSS AMOUNT DUE FROM/TO CUSTOMERS ON CONTRACTS**

Gross amount due from customers on contracts

	GROUP	
	2011 RM	2010 RM
Construction contract costs incurred to date	**239,039,396**	326,010,501
Add : Attributable (loss)/profits	**(2,178,163)**	20,979,148
: Reversal of foreseeable loss	**3,726**	3,590
	236,864,959	346,993,239
Less : Progress billings	**(213,925,248)**	(319,927,263)
	22,939,711	27,065,976

Gross amount due to customers on contracts

	2011 RM	2010 RM
Construction contract costs incurred to date	**57,276,239**	93,594,126
Add : Attributable profits	**3,387,697**	4,947,706
	60,663,936	98,541,832
Less : Progress billings	**(68,452,221)**	(105,604,598)
	7,788,285	7,062,766

The costs incurred to date on construction contracts included the following charges made during the year :

	2011 RM	2010 RM
Depreciation (Note 3)	**297,427**	286,145
Interest expense	**125,115**	163,166
Rental of land and buildings	**24,900**	47,050
Rental of machinery	**(78,942)**	260,289
Staff costs (Note 24)	**2,133,981**	2,583,069

13. **TRADE AND OTHER RECEIVABLES**

	GROUP		**COMPANY**	
	2011 RM	2010 RM	**2011 RM**	2010 RM
Trade receivables (Note 13.1)	**18,066,080**	22,019,065	**-**	-
Other receivables, deposits and prepayments (Note 13.2)	**20,770,129**	14,995,607	**2,002**	11,972
Amounts due from subsidiaries (Note 13.3)	**-**	-	**49,083,982**	46,392,757
	38,836,209	37,014,672	**49,085,984**	46,404,729

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

13. **TRADE AND OTHER RECEIVABLES (cont'd)**

13.1 **Trade receivables**

	2011	2010
	RM	RM
Trade receivables	**20,333,777**	24,198,279
Less : Allowance for impairment		
Balance at beginning	**2,179,214**	1,905,079
Current year	**90,000**	294,119
Impairment loss recovered	**(1,517)**	(19,984)
Balance at end	**(2,267,697)**	(2,179,214)
	18,066,080	22,019,065

Included herein are the following :

(i) Retention sum receivable of **RM9,941,314** (2010 : RM8,907,974).

(ii) Amount due from the following companies :

	2011	2010
	RM	RM
PR Builders Sdn. Bhd. (Refer to Note 31 (i) for related party relationship)	**1,931,240**	304
Pembinaan Kasporat - Trinas J. V. #	**-**	25,385
Talian Selasih Development Sdn. Bhd. ^	**1,705,890**	1,705,890
	3,637,130	1,731,579

A joint venture company in which PR Builders Shd. Bhd. is a partner and Dato' Mohd. Shariff Bin Ibrahim, who is an alternate director of the Company, is a director of PR Builders Shd. Bhd. and has substantial financial interest.

^ A company in which Dato' Mohd. Shariff Bin Ibrahim who is an alternate director of the Company is a director and has substantial financial interest.

(iii) An amount of **RM45,456** (2010 : RM1,895) due from Diligent Success Sdn. Bhd., an associate of a subsidiary.

The credit terms granted by the Group to its trade receivables range from **14 to 120 days** (2010 : 14 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

13. **TRADE AND OTHER RECEIVABLES (cont'd)**

13.2 **Other receivables, deposits and prepayments**

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Other receivables	**363,603**	1,894,489	**2**	2
Deposits	**6,417,371**	464,220	**2,000**	2,000
Prepayments	**13,989,155**	12,636,898	**-**	9,970
	20,770,129	14,995,607	**2,002**	11,972

(i) Included in deposits is an amount of **RM5,830,054** (2010 : RM Nil), being deposits paid for the acquisition of development land by a subsidiary. The acquisitions have not been completed as at 31 August 2011. The balance of these purchase considerations are disclosed as capital commitment in Note 29 (i).

(ii) Included in prepayment is an amount of **RM Nil** (2010 : RM2,550,144) paid for a project with PR Builders Sdn. Bhd. (Refer to Note 31 (i) for related party relationship).

13.3 **Amount due from subsidiaries**

COMPANY

The amount due from subsidiaries is unsecured, non-interest bearing and is repayable on demand.

14. **FIXED DEPOSITS WITH LICENSED BANKS**

GROUP

The fixed deposits are pledged to licensed banks for banking facilities granted to certain subsidiaries.

The effective interest rates and maturity of fixed deposits as at the end of the reporting period is **3.00%** (2010 : 2.75%) per annum and **1 month** (2010 : 1 month) respectively.

15. **CASH AND BANK BALANCES**

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
HDA	**273,750**	307,769	**-**	-
Others	**3,213,217**	5,548,375	**719,610**	18,796
	3,486,967	5,856,144	**719,610**	18,796

The Housing Development Account (HDA) is maintained in accordance with Section 7(A) of the Housing Development (Control and Licensing) Act, 1966. This account which consists of monies received from purchasers, is for the payment of property development costs incurred. The surplus monies, if any, will be released to the Group upon the completion of the property development projects and after all property development costs have been fully settled.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

16. **SHARE CAPITAL**

	Number of ordinary shares of RM1 each		Amount	
	2011	2010	**2011**	2010
			RM	RM
Authorised	**500,000,000**	500,000,000	**500,000,000**	500,000,000
Issued and fully paid	**91,281,667**	91,281,667	**91,281,667**	91,281,667

The details of options granted under the Company's ESOS to subscribe for ordinary shares and which are outstanding as at 31 August 2011 are as follows :

Option price per share RM	Numbers of options over ordinary shares
1.77	1,755,000
1.69	14,000
1.60	522,000
1.51	3,000
1.23	16,000

17. **TREASURY SHARES**

This amount represents the acquisition cost of treasury shares.

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 26 January 2011, approved the Company's plan and mandate to authorise the Directors of the Company to buy back its own shares up to 10% of the existing total issued and paid up share capital.

Out of the total **91,281,667** (2010 : 91,281,667) issued and fully paid ordinary shares as at 31 August 2011, **9,124,500** (2010 : 9,124,500) are held as treasury shares by the Company. As at 31 August 2011, the number of outstanding ordinary shares in issue and fully paid is therefore **82,157,167** (2010 : 82,157,167) ordinary shares of RM1 each.

Treasury shares have no rights to voting, dividends and participation in other distribution.

18. **RESERVES**

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Non-distributable :				
Share premium	**15,951,063**	15,951,063	**15,951,063**	15,951,063
Fair value adjustment reserve (Note 18.1)	**(2,913,315)**	-	**-**	-
Balance carried forward	**13,037,748**	15,951,063	**15,951,063**	15,951,063

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

18. **RESERVES (cont'd)**

	GROUP		COMPANY	
	2011 RM	2010 RM	**2011 RM**	2010 RM
Balance brought forward	**13,037,748**	15,951,063	**15,951,063**	15,951,063
Distributable :				
Retained profits (Note 18.2)	**7,945,221**	1,742,491	**8,332,576**	9,569,379
	20,982,969	17,693,554	**24,283,639**	25,520,442

18.1 **Fair value adjustment reserve**

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed or impaired.

18.2 **Retained profits**

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances.

Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act, 2007.

As at the end of the reporting period, the Company has sufficient credit under the 108 balance and tax exempt income account to frank all of its retained profits if paid out as dividends.

19. **BORROWINGS**

	GROUP	
	2011 RM	2010 RM
Non-current liabilities		
Secured :		
Finance lease liabilities		
Within one year	**124,654**	202,971
More than one year and less than two years	**80,064**	106,883
More than two years and less than five years	**215,776**	185,140
More than five years	**99,943**	76,342
	520,437	571,336
Finance charges	**(75,767)**	(72,309)
Carrying amount at end	**444,670**	499,027
Amount due within one year included under current liabilities	**(101,893)**	(179,115)
Balance carried forward	**342,777**	319,912

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2011

19. **BORROWINGS (cont'd)**

	2011	2010
	RM	RM
Balance brought forward	**342,777**	319,912
Term loans		
Total amount payable	**25,094,000**	29,185,400
Amount due within one year included under current liabilities	**(300,000)**	(7,240,400)
	24,794,000	21,945,000
	25,136,777	22,264,912
Current liabilities		
Secured :		
Bank overdrafts	**16,781,060**	21,412,687
Bankers acceptance	**7,582,000**	9,550,000
Finance lease liabilities	**101,893**	179,115
Term loans	**300,000**	7,240,400
Unsecured :		
Bank overdrafts	**-**	48,974
Bankers acceptance	**1,681,962**	2,110,030
Revolving loan	**5,400,000**	5,400,000
	31,846,915	45,941,206

The particulars of the term loans are as follows :

	Principal RM	**Interest rate % 2011**	**Interest rate % 2010**	**Repayment**
(i)	21,600,000	**5.10**	4.80	In 2010, the term loan was repayable over 20 equal quarterly instalments of RM1,080,000 each commencing 1 July 2011 or to be repaid upon redemption of individual unit, whichever is earlier. However the repayment term was revised during the year and is now repayable over 4 equal quarterly principal instalments of RM1,200,000 each for the first year commencing 1 January 2013, 4 equal quarterly principal instalments of RM1,500,000 each for the second year and 6 equal quarterly principal instalments of RM1,800,000 each for the remaining years or to be repaid upon redemption of individual unit, whichever is earlier.
(ii)	1,500,000	**6.30**	6.30	20 equal quarterly instalments of RM75,000 each commencing 1 July 2011.
(iii)	2,069,000	**7.85**	-	29 equal monthly instalments of RM69,000 each and final instalment of RM68,000 commencing 1 September 2012 or by receipt of the applicable redemption sum of RM492,888 and RM297,500 per unit of the proposed development or 35% of the Sale and Purchase price, whichever is earlier.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

19. **BORROWINGS (cont'd)**

	Principal RM	Interest rate % 2011	2010	Repayment
(iv)	6,800,000	-	7.83	16 quarterly principal instalments of RM425,000 each, the first of which is to commence on the 25th month from the date of first drawdown or by receipt of the applicable redemption sum of RM400,000 per unit or 50% of the Sale and Purchase price, whichever is earlier. This loan was settled during the financial year ended 31 August 2011.

A summary of the effective interest rates and the maturities of the borrowings are as follows :

	Average effective interest rate per annum (%)	Total RM'000	Within one year RM'000	More than one year and not less than two years RM'000	More than two years and not later than five years RM'000	More than five years RM'000
2011						
Secured :						
Bank overdrafts	**5.10 to 8.35**	**16,781**	**16,781**	**-**	**-**	**-**
Bankers acceptance	**4.84 to 5.27**	**7,582**	**7,582**	**-**	**-**	**-**
Finance lease liabilities	**2.25 to 3.99**	**445**	**102**	**62**	**186**	**95**
Term loans	**5.10 to 7.85**	**25,094**	**300**	**4,728**	**20,066**	**-**
Unsecured :						
Bankers acceptance	**3.59 to 3.66**	**1,682**	**1,682**	**-**	**-**	**-**
Revolving loan	**7.05 to 7.51**	**5,400**	**5,400**	**-**	**-**	**-**
2010						
Secured :						
Bank overdrafts	4.80 to 8.05	21,413	21,413	-	-	-
Bankers acceptance	3.19 to 4.85	9,550	9,550	-	-	-
Finance lease liabilities	2.25 to 3.99	499	179	90	158	72
Term loans	4.80 to 7.83	29,185	7,240	4,620	13,860	3,465
Unsecured :						
Bank overdrafts	7.80	49	49	-	-	-
Bankers acceptance	3.05to 3. 68	2,110	2,110	-	-	-
Revolving loan	5.89 to 6.83	5,400	5,400	-	-	-

The borrowings (except for finance lease liabilities) are secured by way of :

(i) Legal charges over certain properties of the subsidiaries,
(ii) Debenture incorporating a fixed and floating charge over all present and future assets of a subsidiary pertaining to the freehold land and leasehold land,
(iii) Pledge of certain fixed deposits of a subsidiary,
(iv) Facility agreement,
(v) Asset Purchase Agreement (APA),
(vi) Asset Sales Agreement (ASA),
(vii) Power of attorney in the event of default,
(viii) Subordination of shareholders/directors advance,
(ix) Corporate guarantee of a subsidiary,
(x) Corporate guarantee of the Company, and
(xi) Joint and several guarantee by certain directors of the Company.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

20. **DEFERRED TAX LIABILITIES**

	GROUP	
	2011	2010
	RM	RM
Revaluation surplus :		
Balance at beginning	**1,529,819**	1,567,684
Transfer to profit or loss	**(37,865)**	(37,865)
Balance at end	**1,491,954**	1,529,819
Others :		
Balance at beginning	**(295,260)**	(283,558)
Transfer from profit or loss	**322,822**	59,298
Over provision in prior year	**(5,600)**	(71,000)
Balance at end	**21,962**	(295,260)
	1,513,916	1,234,559

Deferred tax liabilities on revaluation surplus are in relation to the difference between the actual depreciation on the revalued properties and equivalent depreciation based on the cost of the properties.

Other deferred tax (assets)/liabilities are represented by temporary differences arising from :

	2011	2010
	RM	RM
Property, plant and equipment	**94,645**	78,600
Profit recognition on construction contracts	**20,655**	54,500
Tax effect on unrealised profit on construction contracts and property development costs	**(93,338)**	(428,360)
	21,962	(295,260)

21. **TRADE AND OTHER PAYABLES**

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Trade payables (Note 21.1)	**6,532,446**	9,814,597	**-**	-
Other payables and accruals (Note 21.2)	**9,345,027**	22,466,820	**1,751,434**	1,823,743
Amount due to subsidiaries (Note 21.3)	**-**	-	**20,797,167**	15,605,763
	15,877,473	32,281,417	**22,548,601**	17,429,506

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

21. **TRADE AND OTHER PAYABLES (cont'd)**

21.1 **Trade payables**

GROUP

Included in trade payables is an amount of **RM14,121** (2010 : RM62,751) due to Diligent Success Sdn. Bhd., an associate of a subsidiary.

The trade payables are non-interest bearing and are normally settled within **14 to 90 days** (2010 : 14 to 90 days) terms.

21.2 **Other payables and accruals**

GROUP

Included in other payables was an amount of RM285,756 due to Kok Hoon Development Sdn. Bhd. (Refer to Note 31 (i) for related party relationship).

21.3 **Amount due to subsidiaries**

COMPANY

The amount due to subsidiaries is unsecured, non-interest bearing and is repayable on demand.

22. **REVENUE**

	GROUP		**COMPANY**	
	2011 RM	2010 RM	**2011 RM**	2010 RM
Construction contract revenue	**53,164,903**	53,407,294	**-**	-
Property development revenue	**28,037,317**	40,522,324	**-**	-
Trading sales	**5,898,246**	4,568,015	**-**	-
Gross rental income	**494,447**	429,551	**-**	-
Management fee income	**16,169**	89,837	**2,412,965**	2,513,520
Gross dividend income	**80**	80	**-**	-
Interest income	**50,634**	52,793	**-**	-
Sales of red earth	**345,000**	460,000	**-**	-
Sales of land	**-**	1,940,514	**-**	-
	88,006,796	101,470,408	**2,412,965**	2,513,520

23. **COST OF SALES/DIRECT OPERATING COSTS**

	GROUP	
	2011 RM	2010 RM
Construction contract costs	**65,658,272**	45,300,050
Property development costs	**10,347,413**	37,732,369
Trading costs	**5,413,389**	4,174,189
Rental expenses	**462,261**	471,332
Management expenses	**19,516**	75,100
Cost of red earth	**-**	8,050
Cost of land	**-**	1,306,624
	81,900,851	89,067,714

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

24. **PROFIT/(LOSS) BEFORE TAXATION**

This is arrived at :

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
After charging :				
Audit fee				
- statutory audit				
- current year	**79,600**	74,000	**16,000**	14,000
- under provision in prior year	**2,500**	4,600	**-**	2,000
- other services	**2,000**	1,500	**-**	-
Depreciation				
- property, plant and equipment (Note 3)	**463,026**	453,744	**496**	6,272
- investment properties (Note 4)	**270,594**	404,804	**-**	-
Directors' remuneration for non-executive directors				
- emoluments	**12,000**	5,500	**12,000**	5,500
- fees	**60,000**	60,000	**60,000**	60,000
Expected loss on development project	**1,505**	-	**-**	-
Goodwill on consolidation written off	**3,761**	-	**-**	-
Impairment loss on investment in a subsidiary	**-**	-	**1,275**	-
Impairment loss on receivables	**90,000**	294,119	**-**	-
Interest expense	**923,203**	1,376,206	**-**	-
Loss on disposal of property, plant and equipment	**-**	6,482	**-**	-
Preliminary expenses of a subsidiary	**1,429**	-	**-**	-
Property, plant and equipment written off	**38,971**	9,959	**-**	800
Rental of land and buildings	**24,670**	31,920	**211,920**	211,920
Rental of machinery	**3,694**	4,490	**-**	-
* Staff costs	**6,318,305**	5,488,879	**1,659,858**	1,763,598

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

24. **PROFIT/(LOSS) BEFORE TAXATION (cont'd)**

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
And crediting :				
Deposit forfeited	**5,000**	-	**-**	-
Gain from bargain purchase of a subsidiary	**4,152,952**	-	**-**	-
Gain on deconsolidation of investment in a subsidiary	**2**	-	**-**	-
Gain on disposal of investment properties	**967,360**	-	**-**	-
Gain on disposal of property, plant and equipment	**19,509**	-	**-**	-
Gross dividend income from investment quoted in Malaysia	**80**	80	**-**	-
Impairment loss on receivables recovered	**1,517**	19,984	**-**	-
Interest income	**477,962**	76,293	**-**	-
Rental income	**441,347**	397,616	**-**	-
Reversal of foreseeable loss on construction contract project	**3,726**	3,590	**-**	-
* **Staff costs**				
- Salaries, wages, allowance and bonus	**7,603,526**	7,260,589	**1,478,519**	1,575,575
- EPF	**787,356**	750,060	**169,809**	175,094
- SOCSO	**61,404**	61,299	**11,530**	12,929
	8,452,286	8,071,948	**1,659,858**	1,763,598
Less : Capitalised into construction contract costs (Note 12)	**(2,133,981)**	(2,583,069)	**-**	-
	6,318,305	5,488,879	**1,659,858**	1,763,598

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

24. **PROFIT/(LOSS) BEFORE TAXATION (cont'd)**

Directors' emoluments

Included in the staff costs of the Group and of the Company is the aggregate amount of remuneration received and receivable by directors of the Company and its subsidiaries as shown below :

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Executive directors of the Group :				
Emoluments				
- Salaries, allowance and bonus	**1,471,955**	1,241,700	**295,700**	305,700
- EPF	**136,740**	118,800	**33,600**	28,800
	1,608,695	1,360,500	**329,300**	334,500
Benefits-in-kind	**104,424**	107,596	**68,156**	65,950
	1,713,119	1,468,096	**397,456**	400,450
Executive directors of subsidiaries :				
Emoluments				
- Salaries, allowance and bonus	**569,800**	497,100	**-**	-
- EPF	**51,366**	43,614	**-**	-
	621,166	540,714	**-**	-
Benefits-in-kind	**40,961**	33,018	**-**	-
	662,127	573,732	**-**	-
Total executive directors' remuneration	**2,375,246**	2,041,828	**397,456**	400,450

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

25. **TAXATION**

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Malaysian income tax :				
Based on results for the year				
- Current tax	**(488,778)**	(406,700)	**(16,000)**	(8,000)
- Deferred tax relating to the origination and reversal of temporary differences	**(284,957)**	(21,433)	**-**	-
	(773,735)	(428,133)	**(16,000)**	(8,000)
Over provision in prior years				
- Current tax	**456,081**	55,184	**6,212**	1,381
- Deferred tax	**5,600**	71,000	**-**	-
	461,681	126,184	**6,212**	1,381
	(312,054)	(301,949)	**(9,788)**	(6,619)

The reconciliation of tax expense of the Group and of the Company are as follows :

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Profit/(Loss) before taxation	**7,386,192**	5,000,505	**(302,746)**	(1,698,061)
Less : Share of results of an associate	**4,643**	16,033	**-**	-
Share of results of a jointly controlled entity	**(333,744)**	(4,753,390)	**-**	-
	7,057,091	263,148	**(302,746)**	(1,698,061)
Statutory tax rate of 25%	**(1,764,273)**	(65,787)	**75,687**	424,515
Income not subject to tax	**2,221,270**	2,250,157	**-**	-
Expenses not deductible for tax purposes	**(1,903,218)**	(3,154,822)	**(91,687)**	(430,991)
Utilisation of unabsorbed tax losses and capital allowances	**1,414,071**	137,314	**-**	-
Net deferred tax movement not recognised	**(779,450)**	367,140	**-**	(1,524)
Annual crystallisation of deferred tax on revaluation surplus	**37,865**	37,865	**-**	-
	(773,735)	(428,133)	**(16,000)**	(8,000)
Over provision in prior years	**461,681**	126,184	**6,212**	1,381
	(312,054)	(301,949)	**(9,788)**	(6,619)

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2011

25. **TAXATION (cont'd)**

The amount and future availability of unabsorbed tax losses, capital allowances and reinvestment allowance are as follows :

	GROUP	
	2011	2010
	RM	RM
Unabsorbed tax losses	**13,206,000**	19,015,000
Unabsorbed capital allowances	**842,000**	866,000
Unabsorbed reinvestment allowance	**1,522,000**	1,522,000

These unabsorbed tax losses, capital allowances and reinvestment allowance are available to be carried forward for set off against future assessable income of the Company and its subsidiaries of a nature and amount sufficient for the tax losses and capital allowances to be utilised.

The net deferred tax (assets)/liabilities which have not been recognised are represented by temporary differences arising from :

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Property, plant and equipment	**50,693**	64,954	**310**	310
Recognition on construction contracts	**(3,024,240)**	(2,194,745)	**-**	-
Recognition on property development	**-**	(19,929)	**-**	-
Unabsorbed tax losses	**(3,301,507)**	(4,753,939)	**-**	-
Unabsorbed capital allowances	**(210,558)**	(216,574)	**-**	-
Unabsorbed reinvestment allowance	**(380,500)**	(380,500)	**-**	-
	(6,866,112)	(7,500,733)	**310**	310

26. **EARNINGS PER SHARE (SEN)**

GROUP

Basic earnings per share

The basic earnings per share of the Group is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the financial year as follow :

	2011	2010
Profit attributable to owners of the parent (RM)	**7,126,999**	4,501,805
Weighted average number of ordinary shares of RM1 each in issue excluding treasury shares	**82,157,167**	82,202,914
Basic earnings per share (sen)	**8.67**	5.48

There is no diluted earnings per share as it is assumed that there will not be any conversion of ESOS as the exercise price of convertible financial instruments exceeds the average market price of ordinary shares during the financial year. The effect of warrants are not taken into consideration as they have expired during the year.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

27. **DIVIDEND**

	2011 RM	2010 RM
Financial year ended 31 August 2010		
- First and final dividend of 1.50% less 25% tax	**924,269**	-
Financial year ended 31 August 2009		
- First and final dividend of 1.50% less 25% tax	**-**	924,566
	924,269	924,566

At the forthcoming Annual General Meeting, a first and final dividend of 1.50% less 25% tax amounting to RM924,269 for the financial year ended 31 August 2011 will be proposed for shareholders' approval. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 August 2012.

28. **SEGMENTAL INFORMATION**

Segment information is presented in respect of the Group's business segment. No geographical segment information has been presented as the Group's activities and customers are all based in Malaysia.

Inter-segment pricing is determined based on negotiated terms.

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

Business Segments

The Group comprises the following main business segments :

(1)	Construction	Construction of industrial, residential and commercial building and renovation works.
(2)	Property development	Housing and property development.
(3)	Trading	Trading of construction materials.
(4)	Property letting	Property letting.
(5)	Investment holding	Investment holding.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

28. **SEGMENTAL INFORMATION (cont'd)**

	Construc--tion RM'000	Property development RM'000	Trading RM'000	Property letting RM'000	Invest--ment holding RM'000	Elimination RM'000	Note	Total RM'000
2011								
Revenue from								
External customers	53,165	28,382	5,898	495	67	-		88,007
Inter-segment	13,705	-	9,904	133	9,479	(33,221)	A	-
Total revenue	66,870	28,382	15,802	628	9,546	(33,221)		88,007
Result								
Segment results	(757)	875	485	101	326	1,340		2,370
Unallocated income								1,625
Unallocated expenses								(168)
Profit from operations								3,827
Gain from bargain purchase of a subsidiary								4,153
Interest expense								(923)
Share of results of an associate	(5)							(5)
Share of results of a jointly controlled entity		334						334
Profit before taxation								7,386
Taxation								(312)
Profit for the year								7,074
Assets								
Segment assets	52,272	108,570	2,497	10,318	1,332			174,989
Unallocated assets	-	-	-	-	-			842
Investment in an associate	-	-	-	-	384			384
Investment in a jointly controlled entity	-	-	-	-	2,041			2,041
Tax recoverable	2	168	-	20	12			202
Fixed deposits with licensed banks	1,931	1,402	-	-	-			3,333
Cash and bank balances	1,855	892	-	10	721			3,487
Total assets	56,060	111,032	2,497	10,348	4,490			185,278
Liabilities								
Segment liabilities	15,095	4,213	2,540	53	1,753			23,654
Unallocated liabilities	-	-	-	-	-			12
Borrowings	15,323	36,490	5,171	-	-			56,984
Provision for taxation	14	244	-	-	-			258
Deferred tax liabilities	579	934	-	-	-			1,513
Total liabilities	31,011	41,881	7,711	53	1,753			82,421
Other information								
Capital expenditure	647	12	-	-	-		B	659
Depreciation	800	228	-	-	-			1,028
Unallocated depreciation	-	-	-	-	-			3
Non-cash expense/ (income) other than depreciation	74	15	-	(5)	(5,427)		C	(5,343)

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

28. **SEGMENTAL INFORMATION (cont'd)**

	Construc--tion RM'000	Property development RM'000	Trading RM'000	Property letting RM'000	Invest--ment holding RM'000	Elimination RM'000	Note	Total RM'000
2010								
Revenue from								
External customers	53,407	42,923	4,568	429	143	-		101,470
Inter-segment	19,244	-	11,241	127	4,830	(35,442)	A	-
Total revenue	72,651	42,923	15,809	556	4,973	(35,442)		101,470
Result								
Segment results	1,770	699	394	369	(1,510)	(119)		1,603
Unallocated income								85
Unallocated expenses								(48)
Profit from operations								1,640
Interest expense								(1,376)
Share of results of an associate	(16)							(16)
Share of results of a jointly controlled entity		4,753						4,753
Profit before taxation								5,001
Taxation								(302)
Profit for the year								4,699
Assets								
Segment assets	55,117	113,239	9,512	10,509	3,290			191,667
Unallocated assets	-	-	-	-	-			1,051
Investment in an associate	-	-	-	-	389			389
Investment in a jointly controlled entity	-	-	-	-	7,207			7,207
Tax recoverable	12	197	-	-	21			230
Fixed deposits with licensed banks	1,880	310	-	-	-			2,190
Cash and bank balances	3,477	2,355	-	2	20			5,856
Total assets	60,486	116,101	9,512	10,511	10,927			208,590
Liabilities								
Segment liabilities	23,354	10,746	2,596	57	1,826			38,579
Unallocated liabilities	-	-	-	-	-			765
Borrowings	22,954	41,367	3,885	-	-			68,206
Provision for taxation	53	3	-	29	-			85
Deferred tax liabilities	602	633	-	-	-			1,235
Total liabilities	46,963	52,749	6,481	86	1,826			108,870
Other information								
Capital expenditure	243	-	-	16	-		B	259
Depreciation	555	179	-	397	6			1,137
Unallocated depreciation	-	-	-	-	-			8
Non-cash expense/(income) other than depreciation	306	1	-	-	(4,736)		C	(4,429)

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

28. **SEGMENTAL INFORMATION (cont'd)**

Notes to segment information :

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consists of :

	2011 RM'000	2010 RM'000
Property, plant and equipment	**659**	259

C Other material non-cash expenses consist of the following items :

	2011 RM'000	2010 RM'000
Deposit forfeited	**(5)**	-
Expected loss on development project	**1**	-
Gain from bargain purchase of a subsidiary	**(4,153)**	-
Gain on disposal of investment properties	**(967)**	-
(Gain)/Loss on disposal of property, plant and equipment	**(20)**	7
Goodwill on consolidation written off	**4**	-
Impairment loss on receivables	**90**	294
Property, plant and equipment written off	**39**	10
Reversal of foreseeable loss on construction contract project	**(3)**	(3)
Share of results of a jointly controlled entity	**(334)**	(4,753)
Share of results of an associate	**5**	16
	(5,343)	(4,429)

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

29. **COMMITMENTS**

(i) **Capital commitments**

	GROUP	
	2011	2010
	RM	RM
Commitments to purchase development land		
- Contracted	**31,480,000**	-
- Approved but not contracted	**6,768,310**	-
	38,248,310	-

(ii) **Cancellable operating lease commitments**

	GROUP	
	2011	2010
	RM	RM
Not later than one year	**334,625**	350,846
Later than one year but not later than two years	**252,832**	192,568
Later than two years but not later than five years	**26,644**	91,000
	614,101	634,414

Operating lease commitments represent rental receivable for use of buildings. Leases are negotiated for terms ranging from one to three years.

30. **CONTINGENT LIABILITIES**

	COMPANY	
	2011	2010
	RM	RM
Unsecured :		
Corporate guarantees issued to financial institutions for banking facilities granted to certain subsidiaries		
- Limit	**145,182,000**	152,182,000
- Utilised as at the end of the reporting period	**70,499,263**	81,587,993
Corporate guarantees issued to financial institutions for bank guarantee facilities granted to certain subsidiaries for contract bond in favour of third parties	**13,960,241**	13,880,901
Performance guarantees issued to third parties for performance by certain subsidiaries	**1,333,148**	918,089

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the banks requiring guarantee as a pre-condition for approving the credit facilities granted to the subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities and contract bond amount received by the subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

31. **RELATED PARTY DISCLOSURES**

(i) Related party transactions

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Administrative expenses to subsidiaries	**-**	-	**312,891**	383,191
Service charge income from subsidiaries	**-**	-	**3,709**	-
Management fee income from subsidiaries	**-**	-	**2,412,965**	2,513,520
Rental expense to subsidiaries	**-**	-	**192,000**	192,000
Subcontract fee income from a related party				
- Konsortium Intikhlas Sdn. Bhd.	**-**	57,000	**-**	-
Rental income from related parties				
- Numeric Precision Engineering Sdn. Bhd.	**14,400**	14,400	**-**	-
- Kok Hoon Development Sdn. Bhd.	**2,100**	3,600	**-**	-
Rental expense charged to a related party				
- Oriental Resources Sdn. Bhd.	**-**	6,056	**-**	-
Purchase of construction materials from a related party				
- Hoon Teik Enterprise Sdn. Bhd.	**332,601**	345,878	**-**	-
Purchase of land from a director of the Company				
- Dato' Ong Choo Hoon	**-**	3,780,000	**-**	-
Progress billings to a related party				
- PR Builders Sdn. Bhd.	**1,931,240**	-	**-**	-

Related party		Relationship
Oriental Resources Sdn. Bhd.	:	A company in which Dato' Ong Choo Hoon's son-in-law has substantial financial interest.
Kok Hoon Development Sdn. Bhd.	:	A company in which Dato' Ong Choo Hoon, who is the Group Executive Chairman of the Company, is a director and has substantial financial interest.
PR Builders Sdn. Bhd.	:	A company in which Dato' Mohd. Shariff Bin Ibrahim, who is an alternate director of the Company, is a director and has substantial financial interest.
Hoon Teik Enterprise Sdn. Bhd.	:	A company in which Dato' Ong Choo Hoon, who is the Group Executive Chairman of the Company, has substantial financial interest, and Mr. Ong Seng Chye who is the Executive Director of the Company is a director.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

31. **RELATED PARTY DISCLOSURES (cont'd)**

(i) Related party transactions (cont'd)

Numeric Precision Engineering Sdn. Bhd.	:	An associate of Leading Builders Sdn. Bhd. which is the ultimate holding company of the Company.
Konsortium Intikhlas Sdn. Bhd.	:	A company in which Dato' Ong Choo Hoon, who is the Group Executive Chairman of the Company, is a director.

(ii) Compensation of key management personnel

The Group and the Company have no other members of key management personnel apart from the Board of Directors which compensation has been shown in Note 24.

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

32. **CATEGORIES OF FINANCIAL INSTRUMENTS**

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R"), available-for-sale financial assets ("AFS") and financial liabilities measured at amortised cost ("AC").

	Carrying amount	L&R	AFS	AC
	RM	RM	RM	RM
GROUP				
Financial assets				
Other investments (Note 9)	1,606,046	-	1,606,046	-
Gross amount due from customers on contracts (Note 12)	22,939,711	22,939,711	-	-
Receivables and refundable deposits (Note 13)	24,797,054	24,797,054	-	-
Fixed deposits with licensed banks (Note 14)	3,332,548	3,332,548	-	-
Cash and bank balances (Note 15)	3,486,967	3,486,967	-	-
	56,162,326	54,556,280	1,606,046	-
Financial liabilities				
Gross amount due to customers on contracts (Note 12)	7,788,285	-	-	7,788,285
Borrowings (Note 19)	56,983,692	-	-	56,983,692
Payables and accruals (Note 21)	15,877,473	-	-	15,877,473
	80,649,450	-	-	80,649,450

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

32. **CATEGORIES OF FINANCIAL INSTRUMENTS (cont'd)**

	Carrying amount	L&R	AFS	AC
	RM	RM	RM	RM
COMPANY				
Financial assets				
Receivables and refundable deposits (Note 13)	49,085,984	49,085,984	-	-
Cash and bank balances (Note 15)	719,610	719,610	-	-
	49,805,594	49,805,594	-	-
Financial liabilities				
Payables and accruals (Note 21)	22,548,601	22,548,601	-	-

Comparative figures have not been presented for 31 August 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

33. **FINANCIAL RISK MANAGEMENT**

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transaction.

33.1 **Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables whilst the Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to the subsidiaries.

33.1.1 **Trade receivables**

The Group and the Company do not have any significant exposure to any individual customer. The maximum exposure to credit risk of trade receivables is represented by their carrying amounts disclosed in Note 13 to the financial statements.

Credit risk in the property development activity is negligible as sales are normally to purchasers who have obtained financing from financial institutions. As such, the credit risk has been effectively transferred to the financial institutions as stipulated in the sale and purchase agreements. For those sales on a cash basis which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered upon full payments. This is the normal industry practice.

As for the Group's other business segments, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness in deciding whether credit shall be extended. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

33. **FINANCIAL RISK MANAGEMENT (cont'd)**

33.1 **Credit risk (cont'd)**

33.1.1 **Trade receivables (cont'd)**

The ageing of trade receivables and allowance for impairment of the Group is as follows :

	Gross RM	Impairment RM	Net RM
Not past due	9,409,424	-	9,409,424
1 to 30 days past due	1,285,338	-	1,285,338
31 to 60 days past due	219,760	-	219,760
61 to 90 days past due	83,731	-	83,731
Past due more than 91 days	9,335,524	(2,267,697)	7,067,827
	10,924,353	(2,267,697)	8,656,656
	20,333,777	(2,267,697)	18,066,080

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group.

None of the Group's trade receivables that are neither pass due nor impaired have been renegotiated during the financial year.

Included in the past due amount of RM8,656,656 are the followings :

(i) An amount of RM6,321,931 of which a subsidiary of the Company has instituted legal proceedings to recover this amount. Refer Note 37 B, C, D and E.

(ii) The management is of the view that the remaining past due amount of RM2,334,725 will be collected in due course.

As at the end of the reporting period, the Group has no significant concentration of credit risks.

33.1.2 **Intercompany balances**

The Company provides advances to its subsidiaries and monitors the performance of the subsidiaries regularly.

The maximum exposure to credit risk is represented by its carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

33.1.3 **Financial guarantees**

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and performance guarantees to third parties for performance by certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the Company. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

33. **FINANCIAL RISK MANAGEMENT (cont'd)**

33.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments :

	Carrying amount	Contractual cash flows	Within one year	More than one year and less than two years	More than two years and less than five years	More than five years
	RM	RM	RM	RM	RM	RM
2011						
GROUP						
Interest bearing borrowings	56,983,692	57,059,459	31,869,676	4,808,064	20,281,776	99,943
Payables and accruals	15,877,473	15,877,473	15,877,473	-	-	-
	72,861,165	72,936,932	47,747,149	4,808,064	20,281,776	99,943
COMPANY						
Payables and accruals	22,548,601	22,548,601	22,548,601	-	-	-

33.3 Interest rate risk

The Group's fixed rate instruments are exposed to a risk of change in their fair values due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's interest bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows :

	RM
Fixed rate instruments	
Financial assets	3,332,548
Financial liabilities	444,670
Floating rate instruments	
Financial liabilities	56,539,022

Notes To The Financial Statements (Cont'd)
For The Financial Year Ended 31 August 2011

33. **FINANCIAL RISK MANAGEMENT (cont'd)**

33.3 **Interest rate risk (cont'd)**

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have decreased profit before taxation by RM39,198 and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables remain constant.

33.4 **Capital management**

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and to maximise shareholders value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts.

34. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

GROUP AND COMPANY

The carrying amounts of financial assets (other than investments in quoted equity instruments) and financial liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The fair value of investments in quoted equity instruments is its quoted market price at 31 August 2011. The fair value of the investments is disclosed in Note 9.

35. **SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

On 11 August 2011, PLB Land Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement with Panwest Horizon Sdn. Bhd. to purchase land for a total cash consideration of RM15,000,000.

36. **EVENTS AFTER THE REPORTING PERIOD**

(i) On 6 September 2011, PLB Land Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement to purchase freehold land for a total consideration of RM4,200,000.

(ii) On 14 September 2011, PLB Land Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement with Majestic Heights Sdn. Bhd. to purchase freehold land for a total consideration of RM18,000,000.

37. **MATERIAL LITIGATIONS**

The Company and its subsidiaries are involved in the following litigations :

A. Hunza Properties (Gurney) Sdn. Bhd. and Hunza Properties (Penang) Sdn. Bhd. ("Hunza") vs PLB-KH Bina Sdn. Bhd. ("PLB-KH")

(i) Hunza, a customer of PLB-KH, a subsidiary of the Company had on 3rd September 2009 served an interim injunction granted by the Penang High Court to PLB-KH, details of which are as follows :

(a) An interim injunction restraining PLB-KH, from entering and/or remaining and/or trespassing on the site situated at Lots 39, 296, 1237, 1238, 2347, 2348, 2349 & 2350, Section 1, Persiaran Gurney, Bandar Georgetown, D.T.L Pulau Pinang pending the final disposal of the Originating Summons filed.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2011

37. **MATERIAL LITIGATIONS (cont'd)**

(b) An interim injunction restraining the PLB-KH, from preventing and/or obstructing the Hunza from progressing with the works for the Project known as the Proposed Mixed Development on Lots 39, 296, 1237, 1238, 2347, 2348, 2349 & 2350, Section 1, Persiaran Gurney, Bandar Georgetown, D.T.I Pulau Pinang for Plaintiffs, including the completion of the remaining basement construction works, and developing the site situated at Lots 39, 296, 1237, 1238, 2347, 2348, 2349 & 2350, Section 1, Persiaran Gurney, Bandar Georgetown, D.T.L Pulau Pinang pending the final disposal of the Originating Summons filed.

(ii) The dispute has been referred to the Pertubuhan Arkitek Malaysia and Ar. Koh Beng Tock has been appointed as arbitrator for this case. On 10 March 2010, a preliminary meeting was held between the parties before the arbitrator and the schedule of submission/exchange of documents as well as the hearing dates (fixed from 16th to 18th May 2012 and 30th to 31st May 2012) have been agreed.

(iii) By consent order, on 4 May 2010, the matter at the high court had been stayed pending the arbitration proceedings.

B. Hunza Properties (Gurney) Sdn. Bhd. and Hunza Properties (Penang) Sdn. Bhd. ("Hunza") vs PLB Engineering Berhad ("PLB/Company")

(i) On 6th January 2010, Hunza had through their solicitors served on the Company an Amended Writ of Summons and Amended Statement of Claim filed at the Penang High Court claiming the sum of RM1,520,400.00 together with interests and costs pursuant to a Corporate Guarantee provided by the Company to Hunza for the due performance and fulfilment by the wholly-owned subsidiary of the Company, PLB-KH of a Contract to execute and complete the Basement Construction Works under a Letter of Award and Acceptance issued by Hunza to PLB-KH. The Company had in its defence contended that Hunza's claim is bad in law as the said Corporate Guarantee had expired at the time of demand by Hunza among other things.

(ii) Hunza had taken out an application for summary judgment against the Company in respect of the said sum of RM1,520,400.00 and the Court had on 21 September 2010 allowed Hunza's application ("the Order"). On 22 September 2010, the Company filed a notice of appeal to the Court of Appeal against the Order ("the Appeal"). In the meantime, on 2 December 2010, the Penang High Court had allowed the Company's application for a stay of execution of the Order pending the outcome of the Appeal.

C. PLB-KH Bina Sdn. Bhd. ("PLB-KH") vs PR Builders Sdn. Bhd. (formerly known as Pembinaan Kasporat Sdn. Bhd. ("PRBSB")

On 17 November 2011, PLB-KH had filed a writ summons against PRBSB for the outstanding amount due to PLB-KH amounting to RM1,760,239.66 together with interest and costs incurred thereon for its services rendered as the turn-key contractor in relation to the development and construction of 754 units of Medium Cost apartments, 75 units of Shop-lots and 175 units of low-medium and 125 units of low cost apartments or such other number of units of such other type as may be approved by the relevant authorities together with all roads, driveways, drains, electricity supply, septic tanks, sewerage mains, sewerage plant and all infrastructure thereto to be constructed on all that piece of land and hereditaments known as Lot 8, 22, 24, and 25 Hilir Sungei Pinang, Seksyen 9E, Bandar Georgetown, Daerah Timur Laut, Penang.

D. PLB-KH Bina Sdn. Bhd. ("PLB-KH") vs PR Builders Sdn. Bhd. (formerly known as Pembinaan Kasporat Sdn. Bhd. & Al-Hamra Construction Sdn. Bhd. (formerly known as Trinas Sdn. Bhd.) (both trading in partnership in the name and style as "Pembinaan Kasporat Trinas Joint Venture") ("PKT")

On 17 November 2011, PLB-KH had filed a writ summons against PKT for the outstanding amount due to PLB-KH amounting to RM3,628,412.56 together with interest and costs incurred thereon for its services rendered as the contractor in relation to Cadangan Projek Pembinaan Pangkalan Polis Marin Zon Pulau Pinang, Batu Uban, Pulau Pinang Untuk Tetuan Kementerian Dalam Negeri (Malaysia).

E. PLB-KH Bina Sdn. Bhd. ("PLB-KH") vs Talian Selasih Development Sdn. Bhd. ("TSD")

On 17 November 2011, PLB-KH had filed a writ summons against TSD for the outstanding amount due to PLB-KH amounting to RM1,705,889.94 together with interest and costs incurred thereon for its services rendered as the turn-key contractor in relation to the development and construction of 51 units of double storey houses, 10 units of double storey semi-detached houses and 2 units of bungalow, or such other number of units of such other type of living accommodation as may be approved by the relevant authorities, together with all roads, driveways, drains, culverts, septic tanks, sewerage mains, sewerage plant and all infrastructure thereto to be constructed on all that piece of land and hereditaments known as Lot No. 9216 (old P.T. No. 1541) held under H.S.(M) 2113. Mukim 13, North East District, Pulau Pinang.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2011

38. **SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis in the annual audited financial statements.

The breakdown of retained profits as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows :

	GROUP	COMPANY
	RM	RM
2011		
Total retained profits of the Company and its subsidiaries :		
- Realised	35,851,579	9,995,286
- Unrealised	(3,269,964)	(1,662,710)
	32,581,615	8,332,576
Less : Consolidation adjustments	(24,636,394)	-
Total retained profits as per statements of financial position	7,945,221	8,332,576

Group List Of Properties
At 31 August 2011

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount as at 31/8/2011 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
1) PLB-KH BINA SDN BHD							
No.3A-07-01, Wisma Sri Weld, Pengkalan Weld, 10300 Penang	Office Lot/Rented	1/7/1996	Freehold	2,106 sq.ft.	407,515.85	35.5	14.5
No.3A-07-04, Wisma Sri Weld, Pengkalan Weld, 10300 Penang	Office Lot/Rented	1/7/1996	Freehold	1,673 sq.ft.	315,635.29	35.5	14.5
Flat unit known as Parcel No.5, 4th Floor erected on part of the land known as Grant No.33173, Lot 4640, Mukim 1, Province Wellesley, Central Penang. (4-05, Jalan Kurau, Taman Chai Leng 13700 Perai, Penang)	Flat/Hostel	1/7/1996	Freehold	678 sq.ft.	63,653.17	35.5	14.5
Parcel unit No.12, 1st Floor, Jalan Sempilai, Wisma Sempilai Jaya, 13700 Perai, Penang.	Office/Rented	26/10/1995	Freehold	1,778 sq.ft.	158,896.00	36	14
Grant (First Grade) No. Lot No. 1044, Section 4, Town of Butterworth, Province Wellesley, North Penang. (No.2, Jalan Telekom, 12000 Butterworth, Penang)	5-Storey Building/ Partially Rented	1/7/1996	Freehold	4,199 sq.ft./ 16,558 sq.ft.	2,663,980.00	35.5	14.5
H.S. (D) No.84 P.T. No PTB/A/076 Section 4, Town of Butterworth, Province Wellesley, North Penang (No.35 Tingkat Limbungan 1, Off Jalan Chain Ferry, 12100 Butterworth, Penang)	2-Storey Building/ Rented	1/7/1996	Freehold	1,690 sq.ft./ 3,000 sq.ft.	285,823.80	35.5	14.5
Suite No.1102, Tower No. Block B, Wisma Pantai, Plaza Pantai, Kuala Lumpur. (Suite B-11-1, Wisma Pantai, No.5, Jalan 4/83A Off Jalan Pantai Bahru 59200 Kuala Lumpur)	Office Lot/Rented	7/5/1996	Freehold	1,470 sq.ft.	442,013.27	38	12
H.S. (M) 211/1982, Plot No.30, Mukim of Sungai Pasir, District of Kuala Muda, Kedah.	Industrial land/ Vacant	16/4/2001	Leasehold land for 60 years expiry on 30.07.2043	174,246 sq. ft.	934,054.05	32	28
64, Jalan Seroja 1/2, Persiaran Amanjaya 2, 08000 Amanjaya, Kedah.	Shop office/Rented	24/11/1998	Freehold	1,400 sq. ft/ 2,800 sq. ft	153,383.02	39	11
6-02, Block C, Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600 Perai, Penang.	Apartment/Rented	3/9/1999	Freehold	689 sq. ft	62,400.00	39	11
9-03, Block C, Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600 Perai, Penang.	Apartment/Rented	3/9/1999	Freehold	689 sq. ft	64,740.00	39	11

Group List Of Properties (Cont'd)
At 31 August 2011

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount as at 31/8/2011 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
9-04, Block C, Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600 Perai, Penang.	Apartment/Rented	3/9/1999	Freehold	689 sq. ft	64,740.00	39	11
A-G-03, Blk A, Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600, Lot 950 & 380, Mukim 6, S.P.T, Penang	Shoplot/Vacant	21/6/2002	Freehold	473 sq. ft	85,000.00	40	10
A-G-04, Blk A, Lorong Perusahaan Baru 2E, Taman Perai Indah, 13600, Lot 950 & 380, Mukim 6, S.P.T, Penang	Shoplot/Vacant	21/6/2002	Freehold	473 sq. ft	85,000.00	40	10
Parcel 12, GF, Low Cost Shoplot (Katsura), Geran 35138, Lot 2205, Mukim 5, SPU, Penang. (Address : G-12-A, Jalan Sintuk 1, Taman Permatang Sintuk, 13100 Penaga, Penang.)	Shoplot/Vacant	21/6/2005	Freehold	1,162.08 sq ft	150,000.00	43	7
Parcel 13, GF, Low Cost Shoplot (Katsura), Geran 35138, Lot 2205, Mukim 5, SPU, Penang. (Address : G-12A-A, Jalan Sintuk 1, Taman Permatang Sintuk, 13100 Penaga, Penang.)	Shoplot/Vacant	21/6/2005	Freehold	1,162.08 sq ft	150,000.00	43	7
No. Shop 5, LG-Block A, GM550, Lot No. 18 in Mukim 13, North East District, Penang. (Add: No 9A-G-5, Taman Sri Idaman, Lorong Semarak Api 3, 11500 Pulau Pinang)	Shoplot/Vacant	2/7/2004	Freehold	45.56 sq. meter	120,000.01	42	8
No. Shop 6, LG-Block A, GM550, Lot No. 18 in Mukim 13, North East District, Penang. (Add: No 9A-G-6, Taman Sri Idaman, Lorong Semarak Api 3, 11500 Pulau Pinang)	Shoplot/Rented	2/7/2004	Freehold	45.56 sq. meter	129,600.00	42	8
Geran Mukim No. Hakmilik 2789 Lot No. 10486, Mukim 13, Tempat Pantai Jerjak, . Daerah Timur Laut, Negeri Pulau Pinang. (Address: No. 36, Lintang Pantai Jerejak 3, Taman Jerejak Indah, 11700 Gelugor, Penang.)	Double Storey Semi-Detached House	7/10/2008	Freehold	208 sq. meter/ 175 sq. meter	882,177.70	47	3
Lot PT666, Taman Sungai Kob, Mukim Karangan, Daerah Kulim, Negeri Kedah under H.S.(M) 231/1993 transfer from Vestingold Sdn Bhd	Vacant Land (For Bungalow Lot)	1/7/2009	Freehold	318 sq. meter	10.00	-	3
GM 13921 Lot 3176 Seksyen 39, Bandar Kulim, District of Kulim, Kedah.	Development Land	26/10/2009	Freehold	5.963 hectares	3,034,320.86	-	2

Group List Of Properties (Cont'd)

At 31 August 2011

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount as at 31/8/2011 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
Lot 252, 253, 1962 and 2029, GM Nos. 188, 614, 784 and 1108 Respectively, Mukim 16, District of Seberang Perai Tengah and State of Penang	Development Land	29/12/2009	Freehold	46,030.9245 sq. meter	3,907,560.16	-	2
GM2029 Lot 8272, Mukim 11, Seberang Perai Tengah, Penang	Development Land	3/3/2010	Freehold	12,206 sq. meter	3,474,954.96	-	2
1782, Lot 253, Mukim 16, Bukit Teh, Bukit Mertajam, Seberang Perai Tengah	Single Storey House	4/8/2011	Freehold	1,100 sq ft/ 660 sq. ft	105,929.26	49	1
2) *DYNABRICKS SDN BHD*							
Lot No. 1283 Mukim 3, Province Wellesley, North Penang.	Agricultural Land/ Sand Mining	1/7/1996	Leasehold land for 74 years expiry on 31.12.2039	2.19 acres	75,363.37	28	46
3) *PLB LAND SDN BHD*							
H.S. (D) No.169 P.T. No PTBM/C.005 Mukim 1, Province Wellesley, Central Penang (No. 1320, Jalan Baru, Chai Leng Park, 13700 Prai, Penang.)	5-storey building/ PLB's Corporate Office	1/7/1996	Freehold	7,541 sq.ft./ 33,378 sq.ft.	2,174,200.00 4,841,911.96	36	14
Lot No.1594, Section 2, Town of Tanjung Tokong, North East District, Penang. No.12372 P2-02-27 (98-1-27, Prima Tanjung, Jalan Fettes, Bandar Tanjung Tokong 11200 Penang)	2nd levels of a 4-storey building/ Rented	7/1/2000	Freehold	1,283 sq.ft.	341,159.16	39	11
Lot No.1594, Section 2, Town of Tanjung Tokong, North East District, Penang. No.12372 P2-01-15,P2-02-15,P2-03-15,P2-04-15 & P2-05-15 (98-G-15, 98-1-15, 98-2-15, 98-3-15, 98-3A-15 Prima Tanjung, Jalan Fettes, Bandar Tanjung Tokong 11200 Penang)	Entire 5-storey office building/ Rented	25/5/2000	Freehold	9,561 sq.ft.	2,230,547.64	39	11
Lot 4537, Taman Mengkudu Juru, 14000 Bukit Mertajam	Development Stock/Vacant Land	22/11/2005	Freehold	1,377.28 sq ft	45,711.29	-	6
Lot 4702, Taman Mengkudu Juru, 14000 Bukit Mertajam	Development Stock/Vacant Land	31/8/2006	Freehold	19,867.264 sq ft	1.00	-	6
Lot 4703, Taman Mengkudu Juru, 14000 Bukit Mertajam	Development Stock/Vacant Land	31/8/2006	Freehold	142,522.656 sq ft	1.00	-	6

Group List Of Properties (Cont'd)

At 31 August 2011

	REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount as at 31/8/2011 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
	HSD11260 PT181, Seksyen 3, Bandar Butterworth, Seberang Perai Utara, Penang	Industrial Land / Vacant	23/3/2010	Leasehold land for 60 years expiring on 01.11.2055	0.9145 hectares	3,066,215.88	44	16
	PN3202, Lot 4929, Seksyen 3, Bandar Butterworth, Seberang Perai Utara, Penang	Industrial Land / Vacant	23/3/2010	Leasehold land for 60 years expiring on 08.03.2061	309 sq meter	103,654.77	50	10
	Geran 60143, Lot 465, Mukim D, Daerah Barat Daya, Pulau Pinang.	Development Land	31/3/2010	Freehold	49.08 acres	44,173,519.93	-	2
4)	***PELANGI SEHATI DEVELOPMENT SDN BHD***							
	Grant (First Grade) No.40157, Lot No.1024, Mukim 15, Seberang Perai Selatan	Development Land	6/7/2005	Freehold	19.144 acres	10,224,961.29	-	7
	Lot 4032, HSD 33269, Taman Sg Bakap Permai, Mukim 04, S.P.S. Penang	Development Stock/Vacant Land	16/2/2007	Freehold	2,162.76 sq ft	1.00	-	5
5)	***EXCELGRAND PROPERTIES SDN BHD***							
	Grant (First Grade) No. 39319 Lot No. 1840, Mukim 11, Province Wellesley, South Penang	Agricultural Land/ Vacant	1/7/1996	Freehold	20.25 acres	2,609,173.30	-	18
	Grant No. 104192 Lot No. 6195, Mukim 11, Province Wellesley, South Penang.	Agricultural Land/ Vacant	1/7/1996	Freehold	4.73 acres	344,815.05	-	18
	GRN 11981, Lot 319 Seksyen 1, Bandar Jelutong, District Timor Laut, Pulau Pinang	Development Land	15/9/2008	Freehold	3.02483 acres	5,177,762.19	-	3
6)	***ERA PUJAAN SDN BHD***							
	Grant (First Grade) No. 26109, 26128 & 26140, Lot No. 11, 49 & 84, Section 5, Town of Bukit Mertajam, Province Wellesley, Central Penang.	Development Land/ Partially Rented	1/7/1996	Freehold	1.282 acres	2,791,979.18	-	17
7)	***HEKTAR PUJAAN SDN BHD***							
	S.P. 26165 & 26166, Lot Nos. 495 & 496, Mukim of Junjong District of Kulim, Kedah.	Agricultural Land/ Vacant	1/7/1996	Freehold	15.20 acres	859,760.33	-	20
	Grant No. 42087, Lot 347, Mukim of Serdang, District of Bandar Bahru, Kedah.	Agricultural Land/ Vacant	17/12/1996	Freehold	5.67 acres	406,726.85	-	16

Group List Of Properties (Cont'd)

At 31 August 2011

	REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount as at 31/8/2011 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
8)	***BUILTONLANDS PALM SDN BHD***							
	#06-01, Pangsapuri Seri Palma, Jalan Delima 3/1, Taman Delima, Johor Bahru, 81100 Johor Darul Takzim (Type A6-01)	Development stock / Apartment	31/8/2009	Leasehold land for 99 years expiring on 21.7.2103	1,938 sq.ft	161,070.93	92	7
	#12-05, Pangsapuri Seri Palma, Jalan Delima 3/1, Taman Delima, Johor Bahru, 81100 Johor Darul Takzim (Type A12-05)	Development stock / Apartment	31/8/2009	Leasehold land for 99 years expiring on 21.7.2103	1,981 sq.ft	171,074.43	92	7
	#16-03, Pangsapuri Seri Palma, Jalan Delima 3/1, Taman Delima, Johor Bahru, 81100 Johor Darul Takzim (Type A16-03)	Development stock / Apartment	31/8/2009	Leasehold land for 99 years expiring on 21.7.2103	1,981 sq.ft	175,286.43	92	7
	#17-01, Pangsapuri Seri Palma, Jalan Delima 3/1, Taman Delima, Johor Bahru, 81100 Johor Darul Takzim (Type A17-01)	Development stock / Apartment	31/8/2009	Leasehold land for 99 years expiring on 21.7.2103	1,938 sq.ft	172,653.93	92	7
	#G-01 Pangsapuri Seri Palma, Jalan Delima 3/1, Taman Delima, Johor Bahru, 81100 Johor Darul Takzim (Mini Market)	Development stock / Mini Market Space	31/8/2009	Leasehold land for 99 years expiring on 21.7.2103	634.84 sq.ft	86,903.60	92	7
9)	***INDAH MULIA DEVELOPMENT SDN. BHD.***							
	(I) Geran Mukim No.G.M.562 and 563, Lot 383 & 384 of Mukim 12, Batu Maung, DBD P.P.	Development Land	(I) 21/04/2003	Freehold	(I) 7.762 acres	9,689,791.85	-	6
	And (ii) Geran Mukim No.G.M.815, 1/6 of Lot 786, Mukim 12, South West District, P.P.		(ii) 29/05/2004		(ii) 0.052 acres			
	And (iii) Geran Mukim No.G.M.815, 5/6 of Lot 786, Mukim 12, South West District, P.P.		(iii) 22/05/2003		(iii) 0.259 acres			
10)	***LANDSDALE DEVELOPMENT SDN. BHD.***							
	H.S.(D) 56001, Lot No.Ptd 3060, Mukim 12, Daerah Seberang Perai Tengah, Pulau Pinang.	Vacant Land	31/8/2009	Freehold	2,108.96 sq.ft.	12,735.15	-	3

Group List Of Properties (Cont'd)
At 31 August 2011

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount as at 31/8/2011 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
11) *GAINTREND SDN BHD*							
No. HS (D) 1239, Lot No. 3149, Mukim 13, Daerah S.P.T., Negeri Pulau Pinang. (No. 2, Jalan Industri Beringin, Taman Perindustrian Beringin, 14100 Juru, Penang.)	Double Storey Light Industry Factory/Office, Store and Engineering Works	8/2/1995	Freehold	14,208 sq.ft./ 6,000 sq.ft.	329,064.97	36	14
Pajakan Negeri No. Pendaftaran 1643, No. Lot 002785, Bandar BW, Seksyen 3, Daerah S.P.U. Penang. (No. 40, Lorong Mak Mandin 5/3, Kawasan Perindustrian Mak Mandin, 13400 Butterworth, Penang.)	Double Storey Light Industry Factory/Rented	30/10/1998	99 years leasehold land expiry on 03.05.2069	2,250 sq.ft. / 3,150 sq ft	270,991.81	58	41
Pajakan Negeri No. Pendaftaran 1701, No. Lot 002843, Bandar BW, Seksyen 3, Daerah S.P.U. Penang. (No. 48, Lorong Mak Mandin 5/3, Kawasan Perindustrian Mak Mandin, 13400 Butterworth, Penang.)	Double Storey Light Industry Factory/Rented	30/6/1999	99 years leasehold land expiry on 03.05.2069	2,400 sq.ft. / 3,300 sq ft	289,057.94	58	41
No. Lot 10487, Pantai Jerjak, Mukim 13, Daerah Timur Laut, Pulau Pinang (No. 38, Lintang Pantai Jerjak 3, 11700 Gelugor, Penang)	Double Storey Semi-Detached House	22/11/2005	Freehold	2,239 sq.ft./ 1,886 sq.ft.	630,164.72	44	6
No. Lot 10488, Pantai Jerjak, Mukim 13, Daerah Timur Laut, Pulau Pinang (No. 38-A, Lintang Pantai Jerjak 3, 11700 Gelugor, Penang)	Double Storey Semi-Detached House	28/8/2006	Freehold	2,378 sq.ft./ 1,886 sq.ft.	734,281.22	44	6
No. 8, Lorong Cassia Tengah 38, Bandar Cassia, 14100 Simpang Empat, Pulau Pinang	Double Storey Terrace Cluster House/Land	30/6/2008	99 years leasehold land expiry on 07.06.2104	1,657 sq. ft/ 1,217 sq. ft	156,700.30	93	6
No. 20, Lorong Cassia Tengah 36, Bandar Cassia, 14100 Simpang Empat, Pulau Pinang	Double Storey Terrace Cluster House/Land	30/6/2008	99 years leasehold land expiry on 07.06.2104	1,151 sq. ft/ 1,217 sq. ft	132,191.51	93	6
H.S.D 21690, Lot No. 4032, Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang. (No. 22, Lorong Tempua 1, Taman Tempua, 14100 Simpang Ampat, Pulau Pinang.)	Development Stock/ Double Storey Terrace	31/8/2010	Freehold	1,173 sq.ft/ 1,600 sq.ft	233,128.48	48	2
H.S.D 21708, Lot No. 4042, Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang. (No. 42, Lorong Tempua 1, Taman Tempua, 14100 Simpang Ampat, Pulau Pinang.)	Development Stock/ Double Storey Terrace	31/8/2010	Freehold	1,195 sq.ft/ 1,600 sq.ft	235,553.95	48	2

Group List Of Properties (Cont'd)
At 31 August 2011

REGISTERED OWNER/ LOCATION	Description/ Existing Use	Acquisition/ Revaluation Date	Tenure	Land Area/ Built-up Area	Carrying amount as at 31/8/2011 (RM)	Remaining Useful Life (Year)	Age of the Land/ Building (Year)
12) *FATTIGOLD SDN BHD*							
H.S. (M) 17/1993 P.T. No. 452, No. 14, Lorong Desa Kob 1, Taman Sungai Kob, 09700 Karangan.	Single Storey Shophouse/ Own Office	31/8/1998	Freehold	1,340 sq.ft.	42,353.10	36	14
Lot 1 H.S.(M) 1523 P.T.Lot No. 108, Taman Keruing, MK15, Daerah S.P.Selatan, Penang	Development Stock/ 2 1/2 Storey Semi-Detached House	31/8/2008	Freehold	3,423 sq.ft./ 2,108 sq.ft.	234,255.04	46	4
Lot B1 H.S.(M) 1539 P.T.Lot No. 124, Taman Keruing, MK15, Daerah S.P.Selatan, Penang	Development Stock/ Vacant Land (For Bungalow Lot)	28/2/2009	Freehold	6,943 sq. ft	83,403.78	-	3

Shareholdings Statistics
As At 30 November 2011

SUBSTANTIAL SHAREHOLDERS

Based on the Register of Substantial Shareholders as at 30 November 2011, the substantial shareholders and their respective shareholdings are as follows:-

Name of Substantial Shareholder	No. of shares beneficially held		% of Shareholding	
	Direct	Indirect	Direct	Indirect
Leading Builders Sdn. Bhd.	48,564,836*	-	59.11*	-
Dato' Ong Choo Hoon	1,888,095	48,564,836#	2.30	59.11#
Dato' Dr. Ong Seng Soon	65,333	48,564,836#	0.08	59.11#

Notes:-

* 25,000,000 shares are held through EB Nominees (Tempatan) Sdn. Bhd.

Deemed interest by virtue of their substantial shareholdings in Leading Builders Sdn. Bhd.

DIRECTORS' INTEREST

Based on the Register of Directors' Shareholdings, the Directors and their respective shareholdings as at 30 November 2011 are as follows :-

Name of Directors	No. of shares beneficially held		% of Shareholding	
	Direct	Indirect	Direct	Indirect
Dato' Ong Choo Hoon	1,888,095	48,564,836*	2..30	59.11*
Dato' Dr. Ong Seng Soon	65,333	48,564,836*	0.08	59.11*
Tengku Dato' Naizatul Shima	-	-	-	-
Ong Guat Beng	52,333	-	0.06	-
Ong Seng Chye	52,333	-	0.06	-
Mardzukhi bin Abu Bakar	8,333	-	0.01	-
Dato' Noordin bin Md. Noor	13,333	-	0.02	-
Saw Chin Eng	-	-	-	-
Teoh Siew Tin	-	-	-	-
Dato' Mohd Shariff bin Ibrahim	-	-	-	-

Notes :-

* Deemed interest by virtue of their substantial shareholdings in Leading Builders Sdn. Bhd.

Shareholdings Statistics (Cont'd)
As At 30 November 2011

Authorised Capital : **RM500,000,000.00**

Issued and Fully Paid : **RM82,157,167.00 (excluding 9,124,500 treasury shares)**

Class of Shares : **Ordinary Shares of RM1.00 each fully paid**

No. of Shareholders : **1,923**

Voting Rights : **On show of hand - One vote per person**
On a poll - One vote for one ordinary share

Analysis of Shareholdings as at 30 November 2011

Size of Shareholdings	No. of holders	%	No. of shares	%
Less than 100	152	7.90	6,028	0.07
100 – 1,000	389	20.23	345,217	0.42
1,001 – 10,000	1,105	57.46	4,395,281	5.35
10,001 – 100,000	236	12.27	6,561,956	7.99
100,001 – less than 5% of issued shares	38	1.98	25,618,849	31.18
5% and above of issued shares	3	0.16	45,229,836	55.05
Total	1,923	100.00	82,157,167	100.00

Top 30 Shareholders as at 30 November 2011

No.	Name of Shareholders	No. of shares	%
1	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD (PLEDGED SECURITIES ACCOUNT FOR LEADING BUILDERS SENDIRIAN BERHAD)	25,000,000	30.43
2	LEADING BUILDERS SDN. BHD.	12,180,836	14.83
3	LEADING BUILDERS SDN. BHD.	8,049,000	9.80
4	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TAN BUN HUI)	3,784,300	4.60
5	OSK NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR TAN YEE HUI)	2,946,600	3.59
6	MAYBAN NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR ONG SENG SEONG)	2,347,800	2.86
7	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH JING WOAN	2,000,000	2.43
8	LEADING BUILDERS SDN. BHD.	1,906,700	2.32
9	ONG CHOO HOON	1,878,095	2.29
10	MAYBAN NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR SIN YONG LEAN)	1,265,000	1.54
11	TAN BUN CHOW	1,077,900	1.31
12	LEADING BUILDERS SDN. BHD.	1,028,300	1.25
13	ZULKHARNAIN BIN ARIFFIN	726,333	0.88
14	LEE SEE SEE	613,100	0.75
15	LEE BEE SEE	598,300	0.73

Shareholdings Statistics (Cont'd)
As At 30 November 2011

Top 30 Shareholders as at 30 November 2011 (cont'd)

No.	Name of Shareholders	No. of shares	%
16	TIU JON HUI	483,633	0.59
17	LEADING BUILDERS SDN. BHD.	400,000	0.49
18	TAN YEE HUI	380,000	0.46
19	LIM HUN HOOI	291,967	0.36
20	ONG SENG SEONG	288,900	0.35
21	ECML NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR LEE SEE SEE	287,800	0.35
22	ONG GUAT EONG	236,667	0.29
23	ONG SENG KIAT	227,334	0.28
24	TAN SIEW HUAT	225,020	0.27
25	ONG GUAT HUNG	221,666	0.27
26	PETER SU HOLDINGS SDN BHD	201,000	0.25
27	TAN SOCK CHIN	200,000	0.24
28	HLB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR NG WENG KEONG)	195,000	0.24
29	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAH KHIM CHYE	169,200	0.21
30	LENG SENG HENG @ LIM SIN HING	162,333	0.20

Notice Of Fifteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at PLB Engineering Berhad, 3rd Floor, Training Room, 1320, Jalan Baru, Taman Chai Leng, 13700 Prai, Penang on Tuesday, 17 January 2012 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 August 2011 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of a first and final dividend of 1.50% less Income Tax of 25% for the financial year ended 31 August 2011. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees of RM60,000 for the financial year ended 31 August 2011. **Ordinary Resolution 2**

4. To re-elect the following Directors who retire in accordance with Article 81 of the Company's Articles of Association:-

   (i) Mr Ong Seng Chye; **Ordinary Resolution 3**

   (ii) Madam Teoh Siew Tin; and **Ordinary Resolution 4**

   (iii) Encik Mardzukhi Bin Abu Bakar. **Ordinary Resolution 5**

5. To consider and, if thought fit, to pass the following resolution pursuant to Section 129 of the Companies Act, 1965:-

   "That Dato' Ong Choo Hoon, who retires in accordance with Section 129(2) of the Companies Act, 1965, be hereby re-appointed as Director of the Company in accordance with Section 129(6) of the Companies Act, 1965 and to hold office until the next Annual General Meeting." **Ordinary Resolution 6**

6. To re-appoint Messrs Grant Thornton as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

As special business :

To consider and if thought fit, to pass with or without modifications the following ordinary resolutions:-

7. **AUTHORITY TO ISSUE SHARES**

   "That pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 8**

Notice Of Fifteenth Annual General Meeting (Cont'd)

8. **PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"That subject to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or subsidiary companies to enter into all arrangements and/or transactions as detailed in Section 2.2 of the Circular to Shareholders of the Company dated 22 December 2011, involving the interests of Directors, major shareholders or persons connected with such Directors or major shareholders of the Company ("Related Parties") as detailed in Section 2.2 of Circular to Shareholders of the Company dated 22 December 2011, provided that such arrangements and/or transactions are:-

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for day-to-day operations; and

(iii) carried out in the ordinary course of business or the normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders of the Company.

(the "Proposed Mandate").

That the Proposed Mandate shall take effect from this resolution and shall only continue to be in force until:-

(a) the conclusion of the next annual general meeting of the listed issuer following the general meeting at which such Proposed Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 [but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965]; or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

And that the Directors of the Company be authorised to complete and do all such acts and things (including all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Mandate." **Ordinary Resolution 9**

9. To transact any other business of which due notices shall have been given.

By Order of the Board,

Chee Wai Hong (MIA 17181)
Foo Li Ling (MAICSA 7019557)
Company Secretaries

Penang

Date: 22 December 2011

Notice Of Fifteenth Annual General Meeting (Cont'd)

Notes :

1. *A proxy may but need not be a member of the Company and the proxy need not be an advocate or an approved company auditor or a person approved by the Registrar of Companies and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

2. *To be valid this form duly completed must be deposited at the registered office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.*

3. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.*

4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

5. *If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.*

Explanatory Note on item 7 of the Agenda

Subject to exceptions provided in the Companies Act, 1965, the Directors would have to call for a general meeting to approve the issue of new shares eventhough the number involved is less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to an amount not exceeding in total 10% of the issue share capital of the Company for the time being, for such purpose as they consider would be in the interest of the Company.

The Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general authority which was approved at the Fourteenth AGM held on 26 January 2011 and which will lapse at the conclusion of the Fifteenth AGM to be held on 17 January 2012. A renewal of this authority is being sought at the Fifteenth AGM under proposed Resolution 8.

The renewal mandate if granted will provide flexibility to the Company for the allotment of shares for the purpose of fund raising activities including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Explanatory Note on item 8 of the Agenda

The proposed resolution in relation to Proposed of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature which is to be reviewed annually will eliminate the requirement for the Company to make regular announcements and convene separate general meetings from time to time in respect of the aforesaid Related Party Transactions.

Notice Of Dividend Entitlement

NOTICE IS HEREBY GIVEN that a First and Final Dividend of 1.50% less 25% Malaysian Income Tax in respect of the financial year ended 31 August 2011, if approved, will be paid on 19 March 2012 to depositors registered in the Record of Depositors at the close of business on 29 February 2012.

A depositor shall qualify for entitlement to the Dividend only in respect of:

a. Shares transferred into the depositor's securities account before 4.00 p.m. on 29 February 2012 in respect of transfers.

b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board,

Chee Wai Hong (MIA 17181)
Foo Li Ling (MAICSA 7019557)
Company Secretaries

Penang

Date: 22 December 2011

Proxy Form

* I / We...
(Full Name in Block Letters)

of ....
(Address)

being a * member / members of the abovenamed Company, hereby appoint ....

....
(Full Name in Block Letters)

of ....
(Address)

or failing him, ...
(Full Name in Block Letters)

of ....
(Address)

as * my / our proxy to vote for * me / us on * my / our behalf at the Fifteenth Annual General Meeting of the Company to be held at PLB Engineering Berhad, 3rd Floor, Training Room, 1320, Jalan Baru, Taman Chai Leng, 13700 Prai, Penang on Tuesday, 17 January 2012 at 10.00 a.m. and any adjournment thereof.

No. of Ordinary Resolution	Resolutions	For	Against
1	To approve the payment of a first and final dividend of 1.50% less Income Tax of 25% for the financial year ended 31 August 2011.		
2	To approve the payment of Directors' fees.		
	To re-elect the following Directors retiring under the provisions of the Articles of Association of the Company :-		
3	(i) Mr Ong Seng Chye		
4	(ii) Madam Teoh Siew Tin		
5	(iii) Encik Mardzukhi Bin Abu Bakar		
6	To re-appoint Messrs Grant Thornton as the Company's Auditors.		
7	To re-appoint Dato' Ong Choo Hoon, who retires in accordance with Section 129(2) of the Companies Act, 1965.		
As Special Business			
8	To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
9	To approve the Proposed Renewal of Existing Shareholders' Mandate.		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction for voting is given, the proxy may vote as he thinks fit.

No. of shares held

Signed this .... day of .... , 2011/12

....
Signature of Member(s)

Notes :

1. *A proxy may but need not be a member of the Company and the proxy need not be an advocate or an approved company auditor or a person approved by the Registrar of Companies and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *To be valid this form duly completed must be deposited at the registered office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.*
3. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
5. *If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.*

Please fold across the lines and close

Affix Postage Stamp

The Company Secretaries

PLB Engineering Berhad ***(418224-X)***

51-13-A Menara BHL Bank

Jalan Sultan Ahmad Shah

10050 Penang

Please fold across the lines and close

PLB HOMES

comfort assured

PLB Group

PLB ENGINEERING BERHAD *(418224-X)*

1320, Jalan Baru, Taman Chai Leng,
13700 Prai, Penang, Malaysia.

Tel : +604-390 5737
Fax : +604-399 8323

Email : info@plbgroup.com.my
Website : www.plb.com.my
www.plbhomes.com.my

PLB-KH Bina Sdn. Bhd.
MS ISO 9001-2008
CERT NO: AR2341

Gaintrend Sdn. Bhd.
MS ISO 9001-2008
CERT NO: AR2730

PLB Green Construction Sdn. Bhd.
MS ISO 9001-2008