Hua Yang Berhad (44094-M)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2007

Company No: 44094-M

HUA YANG BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS - 31 MARCH 2007

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Company No: 44094-M

HUA YANG BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS	Tan Sri Dato' Seri Dr. Ting Chew Peh, P.S.M., S.P.M.P., D.P.M.S., D.P.M.P. (Chairman) Ho Mook Leong (Chief Executive Officer/Executive Director) Ho Wen Yan (Chief Operating Officer/Executive Director) Ho Khon Yok (Executive Director) Lee Kong Yip Tan Sri Dato' Seri Prof. Dr. Yom Ahmad Bin Ngah Ahmad, P.S.M., S.P.M.P., D.P.M.P., A.M.P., J.P., P.J.K., Ph(D) Goh Cheng Kin Chew Po Sim Chew Hoe Soon Dato' Tan Bing Hua
SECRETARIES	Ho Khon Yok, A.C.I.S. (MAICSA 0745721) Chan Sew Moh (MIA 12605) Woo Ying Pun (MAICSA 7001280) Loh Yin Fun (MAICSA 0862905)
REGISTERED OFFICE	123A Jalan Raja Permaisuri Bainun (Jalan Kampar) 30250 Ipoh Perak Darul Ridzuan
PRINCIPAL PLACE OF BUSINESS	73 Jalan Datuk Haji Eusoff Damai Complex Off Jalan Ipoh 50400 Kuala Lumpur
BANKERS	OCBC Bank (Malaysia) Berhad RHB Bank Berhad Alliance Bank Malaysia Berhad Public Bank Berhad
AUDITORS	Ernst & Young Chartered Accountants

HUA YANG BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding, property development and provision of management and secretarial services.

The principal activities of the subsidiaries are stated in Note 4 to the financial statements.

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

RESULTS	Group RM	Company RM
Profit for the year	8,662,911	8,052,638
Attributable to:		
Equity holders of the Company	8,665,218	8,052,638
Minority interests	(2,307)	-
	8,662,911	8,052,638

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from changes in estimate where the residual value of motor vehicles was revised resulting in an increase in the Group and in the Company's profit for the year by RM87,225 and RM14,541 respectively as disclosed in Note 2.5 to the financial statements.

HUA YANG BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

DIVIDENDS

The amounts paid by the Company since 31 March 2006 were as follows:

	RM
In respect of the financial year ended 31 March 2006 as reported in the Directors' report of that year:	
Final dividend of 5.42% less 27% taxation, on 90,000,000 ordinary shares, declared on 4 September 2006 and paid on 18 September 2006	3,564,000

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 March 2007, of 5% less 27% taxation on 90,000,000 ordinary shares, amounting to a total dividend of RM3,285,000 (3.65 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the next financial year ending 31 March 2008.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Seri Dr. Ting Chew Peh
Ho Mook Leong
Ho Khon Yok
Lee Kong Yip
Tan Sri Dato' Seri Prof. Dr. Yom Ahmad Bin Ngah Ahmad
Goh Cheng Kin
Chew Po Sim
Chew Hoe Soon
Dato' Tan Bing Hua
Ho Wen Yan (appointed w.e.f. 1 June 2007)

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS (CONTD.)

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares of the Company and its related corporations as stated below:

	Number of ordinary shares of RM1 each			
Name of Directors	**Balance as at 1.4.2006**	**Bought During the year**	**Sold During the year**	**Balance as at 31.3.2007**
HUA YANG BERHAD				
Direct interest				
Tan Sri Dato' Seri Dr. Ting Chew Peh	110,000	-	-	110,000
Ho Mook Leong	1,902,666	-	(595,340)	1,307,326
Ho Khon Yok	4,749,644	-	(1,587,555)	3,162,089
Lee Kong Yip	772,228	-	-	772,228
Tan Sri Dato' Seri Prof. Dr. Yom				-
Ahmad Bin Ngah Ahmad	1,092,472	-	-	1,092,472
Goh Cheng Kin	5,059,299	-	(1,876,092)	3,183,207
Chew Hoe Soon	96,000	-	-	96,000
Dato' Tan Bing Hua	1,000	-	-	1,000
Deemed interest				
Chew Po Sim	45,955,185	-	(16,829,970)	29,125,215

Since the end of the previous financial year, no Director 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 as shown in the Group financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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 required to be disclosed by Section 169(8) of the Companies Act 1965.

ISSUE OF SHARES

During the financial year, a subsidiary, HYB Management Services Sdn Bhd, increased its:

(a) authorised share capital from RM100,000 to RM1,000,000 by the creation of 900,000 ordinary shares of RM1 each; and

(b) issued and paid-up ordinary share capital from RM2 to RM1,000,000 by the allotment of 999,998 ordinary shares of RM1 each at an issue price of RM1 per ordinary share for cash, for additional working capital purposes.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the subsidiary.

There were no share options granted during the financial year or unissued shares under option at the end of the financial year in respect of shares in the Company and in the subsidiaries.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets 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.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and the Company inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION (CONTD.)

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report there does not exist:

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

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

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed for and on behalf of the Board in accordance with a resolution of the Directors dated 20 July 2007

HO MOOK LEONG **HO KHON YOK**

Company No: 44094-M

HUA YANG BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 MARCH 2007

		Group		Company	
		2007	**2006**	**2007**	**2006**
	Note	**RM**	**RM**	**RM**	**RM**
			(restated)		**(restated)**
ASSETS					
Non-current assets					
Property, plant and equipment	3	5,377,331	5,250,021	3,908,969	4,012,658
Investment in subsidiaries	4	-	-	41,476,975	41,709,801
Investment in associate	5	1	-	1	-
Investment properties	6	2,315,363	2,361,705	2,156,451	2,196,618
Land held for property development	7(a)	111,765,792	108,008,341	48,139,985	46,274,377
Due from joint development partner on contracts	8	5,161,279	4,118,696	-	-
Intangible asset	9	9,738,253	11,637,258	-	-
Fixed deposit with a licensed bank	14	128,436	60,000	-	-
		134,486,455	131,436,021	95,682,381	94,193,454
Current assets					
Inventories	10	13,768,112	13,391,302	4,608,634	4,608,634
Property development costs	7(b)	28,329,848	28,472,072	2,511,933	-
Trade receivables	11	21,757,837	26,898,106	317,203	2,582,398
Other receivables, prepayments and deposits	12	1,167,635	4,494,691	336,141	3,138,374
Amounts owing by subsidiaries	13	-	-	11,550,755	8,851,896
Tax recoverable		2,116,146	340,003	1,620,830	205,730
Cash and bank balances	14	7,914,658	10,240,444	3,310,437	4,834,011
		75,054,236	83,836,618	24,255,933	24,221,043
TOTAL ASSETS		209,540,691	215,272,639	119,938,314	118,414,497

HUA YANG BERHAD
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BALANCE SHEETS AS AT 31 MARCH 2007 (CONTD.)

		Group		Company	
		2007	2006	2007	2006
	Note	RM	RM	RM	RM
			(restated)		(restated)
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	15	90,000,000	90,000,000	90,000,000	90,000,000
Share premium	16	6,696,849	6,696,849	6,696,849	6,696,849
Reserves	17	81,456,048	76,354,830	9,310,639	4,822,001
		178,152,897	173,051,679	106,007,488	101,518,850
Minority interests		479,240	-	-	-
Total equity		178,632,137	173,051,679	106,007,488	101,518,850
Non-current liabilities					
Deferred tax liabilities	18	4,539,686	5,396,205	-	-
Hire purchase payables	19	46,266	146,346	-	12,008
Term loans	20	8,470,000	11,143,724	8,470,000	11,143,724
		13,055,952	16,686,275	8,470,000	11,155,732
Current liabilities					
Trade payables	21	11,205,473	16,564,857	620,499	1,067,968
Other payables, deposits and accruals	22	2,968,487	4,372,737	571,194	708,081
Amounts owing to subsidiaries	13	-	-	1,821,406	1,137,577
Hire purchase payables	19	100,079	149,216	12,008	48,621
Bank borrowings	23	2,495,356	3,114,135	2,435,719	2,777,668
Taxation		1,083,207	1,333,740	-	-
		17,852,602	25,534,685	5,460,826	5,739,915
Total liabilities		30,908,554	42,220,960	13,930,826	16,895,647
TOTAL EQUITY AND LIABILITIES		209,540,691	215,272,639	119,938,314	118,414,497

The accompanying notes form an integral part of these financial statements.

HUA YANG BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

		Group		Company	
		2007	2006	2007	2006
	Note	RM	RM	RM	RM
Revenue	24	63,503,580	101,627,546	15,277,914	22,285,769
Cost of sales	25	(41,185,312)	(67,050,896)	(161,232)	(10,416,332)
Gross profit		22,318,268	34,576,650	15,116,682	11,869,437
Other income	26	884,180	770,393	430,919	371,183
Administrative and general expenses		(7,482,858)	(6,400,497)	(3,032,555)	(2,986,639)
Selling and marketing expenses		(2,166,567)	(2,851,869)	755	(388,309)
Operating profit		13,553,023	26,094,677	12,515,801	8,865,672
Finance costs	27	(1,063,429)	(1,142,204)	(1,037,867)	(1,106,684)
Profit before taxation	28	12,489,594	24,952,473	11,477,934	7,758,988
Income tax expense	29	(3,826,683)	(6,889,367)	(3,425,296)	(2,354,135)
Profit for the year		8,662,911	18,063,106	8,052,638	5,404,853
Attributable to:					
Equity holders of the Company		8,665,218	18,063,106	8,052,638	5,404,853
Minority interests		(2,307)	-	-	-
		8,662,911	18,063,106	8,052,638	5,404,853
Earnings per share attributable to equity holders of the Company (sen):					
Basic earnings per share	30	0.10	0.20		

The accompanying notes form an integral part of these financial statements.

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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2007

		Attributable to Equity Holders of the Company						
			Non-distributable			Distributable		
	Note	Share capital RM	Share premium RM	Capital redemption reserve RM	Negative goodwill RM	Retained earnings RM	Minority interest RM	Total equity RM
Group								
As at 1 April 2005		90,000,000	6,696,849	500,000	302,926	63,968,798	-	161,468,573
Profit for the year		-	-	-	-	18,063,106	-	18,063,106
Dividends	31	-	-	-	-	(6,480,000)	-	(6,480,000)
As at 31 March 2006		90,000,000	6,696,849	500,000	302,926	75,551,904	-	173,051,679
Effects of adopting FRS 3	2.3 (a)	-	-	-	(302,926)	302,926	-	-
Arising from dilution of interest in a subsidiary		-	-	-	-	-	481,547	481,547
Profit for the year		-	-	-	-	8,665,218	(2,307)	8,662,911
Dividends	31	-	-	-	-	(3,564,000)	-	(3,564,000)
As at 31 March 2007		90,000,000	6,696,849	500,000	-	80,956,048	479,240	178,632,137

The accompanying notes form an integral part of these financial statements.

HUA YANG BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2007 (CONTD.)

		← Non-distributable		→	Distributable	
	Note	Share capital RM	Share premium RM	Capital redemption reserve RM	Retained earnings RM	Total equity RM
Company						
As at 1 April 2005		90,000,000	6,696,849	500,000	5,397,148	102,593,997
Profit for the year		-	-	-	5,404,853	5,404,853
Dividends	31	-	-	-	(6,480,000)	(6,480,000)
As at 31 March 2006		90,000,000	6,696,849	500,000	4,322,001	101,518,850
Profit for the year		-	-	-	8,052,638	8,052,638
Dividends	31	-	-	-	(3,564,000)	(3,564,000)
As at 31 March 2007		90,000,000	6,696,849	500,000	8,810,639	106,007,488

The accompanying notes form an integral part of these financial statements.

HUA YANG BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		12,489,594	24,952,473	11,477,934	7,758,988
Adjustments for:					
Allowance for doubtful debts		-	11,555	-	-
Dividend income		-	-	(14,876,712)	(3,000,000)
Gain on deemed partial disposal of a subsidiary	4	(8,453)	-	-	-
Gain on disposal of property, plant and equipment		(25,943)	(42,999)	(645)	-
Depreciation of property, plant and equipment		193,652	373,695	118,407	182,288
Depreciation of investment properties		46,342	46,342	40,167	40,168
Impairment loss on goodwill		1,899,005	-	-	-
Loss on disposal of property, plant and equipment		120	-	-	-
Property, plant and equipment written off		7,134	5,141	150	4,245
Impairment loss on investment in subsidiaries		-	-	742,824	549,158
Interest income		(366,916)	(190,176)	(232,898)	(79,481)
Interest expense		1,063,429	1,142,204	1,037,867	1,106,684
Profit/(Loss) before working capital changes		15,297,964	26,298,235	(1,692,906)	6,562,050
Changes in working capital:					
Receivables		8,467,325	8,180,508	5,067,428	6,318,112
Inventories		(376,810)	5,767,679	-	(4,373,907)
Development properties		(25,683)	9,538,793	(2,515,944)	8,850,524
Subsidiaries		-	-	(2,015,030)	14,533,376
Payables		(6,763,633)	(8,790,443)	(596,364)	(4,660,374)
Cash generated from/(used in) operations		16,599,163	40,994,772	(1,752,816)	27,229,781
Dividend received		-	-	10,860,000	2,160,000
Tax paid		(6,376,138)	(7,168,230)	(823,684)	(1,223,982)
Interest received		366,916	190,176	232,898	79,481
Interest paid		(1,063,429)	(1,487,694)	(1,037,867)	(1,122,850)
Net cash generated from operating activities		9,526,512	32,529,024	7,478,531	27,122,430

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(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007 (CONTD.)

		Group		Company	
		2007	2006	2007	2006
	Note	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Land held for property development		(4,965,868)	(266,963)	(2,359,587)	(1,874,733)
Proceeds from disposal of property, plant and equipment		31,566	43,000	5,266	-
Proceeds from issuance of ordinary shares in a subsidiary to minority interest		490,000	-	-	-
Investment in an associate		(1)	-	(1)	-
Purchase of property, plant and equipment		(333,839)	(1,346,356)	(19,489)	(1,200,964)
Net cash used in investing activities		(4,778,142)	(1,570,319)	(2,373,811)	(3,075,697)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of revolving loan		(16,005)	(12,668,639)	(16,005)	(12,668,639)
Term loan drawdown		-	9,117,483	-	9,117,483
Repayment of term loan		(2,785,167)	(2,565,203)	(2,785,167)	(2,565,203)
Payment of hire purchase payable		(149,217)	(154,551)	(48,621)	(60,204)
Placement of fixed deposits pledged		(68,436)	-	-	-
Dividend paid		(3,564,000)	(6,480,000)	(3,564,000)	(6,480,000)
Net cash used in financing activities		(6,582,825)	(12,750,910)	(6,413,793)	(12,656,563)
Net (decrease)/increase in cash and cash equivalents		(1,834,455)	18,207,795	(1,309,073)	11,390,170
Cash and cash equivalents as at 1 April		9,635,530	(8,572,265)	4,565,564	(6,824,606)
Cash and cash equivalents as at 31 March	14	7,801,075	9,635,530	3,256,491	4,565,564

Purchases of property, plant and equipment during the year were fully paid for in cash.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2007

1. CORPORATE INFORMATION

The principal activities of the Company consist of investment holding, property development and provision of management and secretarial services. The principal activities of its subsidiaries and an associate are set out in Note 4 and Note 5 to the financial statements respectively.

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

The registered office of the Company is located at 123A Jalan Raja Permaisuri Bainun (Jalan Kampar), 30250 Ipoh, Perak Darul Ridzuan whilst the principal place of business is located at 73 Jalan Datuk Haji Eusoff, Damai Complex, off Jalan Ipoh, 50400 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 July 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies and comply with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act 1965.

At the beginning of the current financial year, the Group and the Company had adopted applicable new and revised Financial Reporting Standards ("FRS") which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(a) Subsidiaries and Basis of Consolidation (Contd.)

(i) Subsidiaries (Contd.)

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

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. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the acquisition method. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

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

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(d) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets in the course of construction are carried at cost less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation of the assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Freehold land is not amortised. Leasehold land is amortised over its remaining lease period of 99 years.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

	%
Buildings	2
Machinery, cabin, signboards and electrical installation	10 - 20
Furniture, fittings, office equipment and renovation	10 - 20
Motor vehicles	20

The residual values, useful life and depreciation method are reviewed at each financial year-end 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 property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(e) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not amortised. Leasehold land is amortised over its remaining lease period of 99 years. The principal annual rate used for building is 2%.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year in which they arise.

(f) Land held for Property Development and Property Development Costs

(i) Land held for Property Development

Land held for property development consists of land where no 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 accumulated impairment losses.

Land held for property 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(f) Land held for Property Development and Property Development Costs (Contd.)

(ii) 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 income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed 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 an expense 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 an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(g) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract 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 contract costs incurred for work performed to date to the estimated total contract costs.

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 expenses 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 billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(h) Impairment of Non-Financial Assets

The carrying amounts of assets, other than property development costs, construction contract costs, inventories and financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount 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, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(h) Impairment of Non-Financial Assets (Contd.)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill 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 an 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 depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement.

(i) Inventories

Inventories are stated at lower of cost and net realisable value. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(j) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents
For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at banks, which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Receivables
Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at balance sheet date.

(iii) Payables
Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(iv) Equity Instruments
Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(k) Hire Purchase

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase payments at the inception of the hire purchase, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum hire purchase payments, the discount factor used is the interest rate implicit in the hire purchase.

Hire purchase payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant hire purchase so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for hire purchase assets is consistent with that for depreciable property, plant and equipment as described in Note 2.2(d).

(l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(m) 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 taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date 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 the 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 at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the periods, 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.

(n) Provisions for Liabilities

Provisions for liabilities 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 each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(o) Employee Benefits

(i) 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. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF").

(p) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Development Properties

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.2(f)(ii).

(ii) Sale of Completed Property Units

Revenue is recognised when the risks and rewards associated with ownership has transferred to the purchaser with no further substantial contractual acts to complete.

(iii) Proceeds from Contract Works

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(g).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(p) Revenue Recognition (Contd.)

(iv) Sales of Goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(v) Sales of Building Materials

Revenue from sale of building materials is recognised upon acceptance of delivery.

(vi) Rental Income

Rental income is recognised on a straight-line basis over the term of lease.

(vii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(viii) Administrative Fees, Management Fees and Secretarial Fees

Administrative fees, management fees and secretarial fees are recognised over the period where such service is provided.

(ix) Dividend Income

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

(x) Commission Income

Commission income is recognised as and when the services are performed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRS

The Malaysian Accounting Standards Board has issued a number of new and revised FRS and Issues Committee ("IC") Interpretations that are effective for financial periods beginning on or after 1 January 2006. The Group and the Company has not early adopted the new and revised FRS 117 - Leases and FRS 124 - Related Party Disclosures that are mandatory for financial periods beginning on or after 1 October 2006.

Except for the changes in accounting policies and their effects as discussed below, the new and revised FRS and IC Interpretations above do not have any significant impact on the financial statements of the Group and of the Company.

(a) FRS 3: Business Combinations
- Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)

Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition, after reassessment, is now recognised immediately in the income statement. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 April 2006 of RM302,926 was derecognised with a corresponding increase in retained earnings.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2006 or prior periods. The effects on the consolidated balance sheet as at 31 March 2007 are set out in Note 2.3(d). This change has no impact on the Company's financial statements.

(b) FRS 101: Presentation of Financial Statements

Prior to 1 April 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRS (Contd.)

(b) FRS 101: Presentation of Financial Statements (Contd.)

There were no minority interests in prior year, thus there is no impact on amounts reported for 2006 or prior periods. The effects on the consolidated balance sheet as at 31 March 2007 and consolidated income statement for the year ended 31 March 2007 are set out in Note 2.3(d). This change in presentation has no impact on the Company's financial statements.

(c) FRS 140: Investment Property

Prior to 1 April 2006, investment properties were included under property, plant and equipment at cost less accumulated depreciation and impairment loss. Upon adoption of FRS 140, investment properties are now disclosed separately and stated using the cost model. The change in accounting policy has had no impact on amounts reported for 2006 or prior periods. The effects of the application of FRS 140 are set out in Note 2.3(d) and 2.3(e) respectively. There were no effects on the Group and Company's consolidated income statement for the year ended 31 March 2007.

(d) Summary of Effects of Adopting New and Revised FRS on the Current Year's Financial Statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets as at 31 March 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

Effects on balance sheets as at 31 March 2007

		Increase/(Decrease)		
Description of Change		**FRS 3**	**FRS 101**	**FRS 140**
	Note	**RM**	**RM**	**RM**
Group				
Intangible assets (negative goodwill)	**2.3 (a)**	(302,926)	-	-
Property, plant and equipment	**2.3 (c)**	-	-	(2,315,363)
Investment properties	**2.3 (c)**	-	-	2,315,363
Retained earnings	**2.3 (a)**	302,926	-	-
Total equity	**2.3 (b)**	-	479,240	-

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRS (Contd.)

(d) Summary of Effects of Adopting New and Revised FRS on the Current Year's Financial Statements (Contd.)

Effects on balance sheets as at 31 March 2007 (Contd.)

Description of Change	Note	Increase/ (Decrease) FRS 140 RM
Company		
Property, plant and equipment	2.3 (c)	(2,156,451)
Investment properties	2.3 (c)	2,156,451

(e) Restatement of Comparatives

The following comparative amounts have been restated as a result of adopting the revised FRS:

Description of Change	Previously stated RM	Reclassification FRS 140 (Note 2.3 (c)) RM	Restated RM
As at 31 March 2006			
Group			
Property, plant and equipment	7,611,726	(2,361,705)	5,250,021
Investment properties	-	2,361,705	2,361,705
Company			
Property, plant and equipment	6,209,276	(2,196,618)	4,012,658
Investment properties	-	2,196,618	2,196,618

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards and IC Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRS, amendments to FRS and IC Interpretations were issued but not yet effective and have not been applied by the Group and by the Company:

FRS, Amendments to FRS and IC Interpretations	**Effective for financial periods beginning on or after**
(i) FRS 139: Financial Instruments: Recognition and Measurement	Deferred
(ii) FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
(iii) Amendment to FRS 119_{2004}: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
(iv) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
(v) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
(vi) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
(vii) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
(viii) IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
(ix) IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies	1 July 2007
(x) IC Interpretation 8: Scope of FRS 2	1 July 2007

The above FRS, amendments to FRS and IC Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards and IC Interpretations Issued but Not Yet Effective (Contd.)

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 117, FRS 124 and FRS 139.

2.5 Changes in Estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value of an item of property, plant and equipment at least at each financial year end. The Group and the Company revised the residual values of motor vehicles with effect from 1 April 2006.

The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group and of the Company for the current financial year end have been reduced by RM87,225 and RM14,541 respectively.

2.6 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

The following judgement is made by the management in the process of applying the Group's and the Company's accounting policies that have significant effects on the amounts recognised in the financial statements.

(i) Classification between Investment Properties and Property, Plant and Equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held either to earn rental income or for capital appreciation or for both.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.6 Significant Accounting Estimates and Judgements (Contd.)

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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) Property Development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed 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 specialists.

A 10% difference in the estimated total property development revenue or costs would result in approximately a 3% - 6% variance in the Group's revenue and 7% - 8% variance in the Group's cost of sales.

(ii) Construction Contracts

The Group recognises contract revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contracted costs.

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

A 10% difference in the estimated total contract revenue or costs would result in approximately a 2% variance in the Group's revenue and 3% variance in the Group's cost of sales.

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NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

As at 31 March 2007	Freehold land RM	Long term leasehold land RM	Buildings RM	Machinery, cabin, signboards and electrical installation RM	Furniture fittings, office equipment and renovation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Group								
Cost								
As at 1 April 2006	991,264	1,000,000	2,322,268	50,683	1,565,509	1,533,237	-	7,462,961
Additions	-	-	-	2,836	35,539	-	295,464	333,839
Disposals	-	-	-	(401)	(97,532)	(138,450)	-	(236,383)
As at 31 March 2007	991,264	1,000,000	2,322,268	53,118	1,503,516	1,394,787	295,464	7,560,417
Accumulated depreciation								
As at 1 April 2006	-	10,415	159,545	27,391	908,912	1,106,677	-	2,212,940
Charge during the year	-	10,417	46,445	2,383	118,106	16,301	-	193,652
Disposals	-	-	-	(313)	(84,744)	(138,449)	-	(223,506)
As at 31 March 2007	-	20,832	205,990	29,461	942,274	984,529	-	2,183,086
Net carrying amount	991,264	979,168	2,116,278	23,657	561,242	410,258	295,464	5,377,331

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

As at 31 March 2006	Freehold land RM	Long term leasehold land RM	Buildings RM	Machinery, cabin, signboards and electrical installation RM	Furniture fittings, office equipment and renovation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Group								
Cost								
As at 1 April 2005	991,264	-	410,000	40,968	1,428,663	1,743,237	3,340,024	7,954,156
Additions	-	1,000,000	-	9,715	152,304	-	-	1,162,019
Disposals	-	-	-	-	(15,458)	(210,000)	-	(225,458)
Reclassification from capital work-in-progress	-	-	1,680,992	-	-	-	(3,340,024)	(1,659,032)
Reclassification from development properties (Note 7(b))	-	-	231,276	-	-	-	-	231,276
As at 31 March 2006	991,264	1,000,000	2,322,268	50,683	1,565,509	1,533,237	-	7,462,961
Accumulated depreciation								
As at 1 April 2005	-	-	113,100	21,428	793,423	1,131,613	-	2,059,564
Charge during the year	-	10,415	46,445	5,963	125,807	185,063	-	373,693
Disposals	-	-	-	-	(10,318)	(209,999)	-	(220,317)
As at 31 March 2006	-	10,415	159,545	27,391	908,912	1,106,677	-	2,212,940
Net carrying amount	991,264	989,585	2,162,723	23,292	656,597	426,560	-	5,250,021

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NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

As at 31 March 2007	Freehold land RM	Long term leasehold land RM	Buildings RM	Furniture fittings, office equipment and renovation RM	Motor vehicles RM	Total RM
Company						
Cost						
As at 1 April 2006	538,434	1,000,000	2,157,268	849,426	371,515	4,916,643
Additions	-	-	-	19,489	-	19,489
Disposals	-	-	-	(18,244)	-	(18,244)
As at 31 March 2007	538,434	1,000,000	2,157,268	850,671	371,515	4,917,888
Accumulated depreciation						
As at 1 April 2006	-	10,416	116,645	545,518	231,406	903,985
Charge during the year	-	10,417	43,145	60,286	4,559	118,407
Disposals	-	-	-	(13,473)	-	(13,473)
As at 31 March 2007	-	20,833	159,790	592,331	235,965	1,008,919
Net carrying amount	538,434	979,167	1,997,478	258,340	135,550	3,908,969

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NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

As at 31 March 2006 Company	Freehold land RM	Long term leasehold land RM	Buildings RM	Furniture fittings, office equipment and renovation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost							
As at 1 April 2005	538,434	-	245,000	847,107	371,515	3,340,024	5,342,080
Additions	-	1,000,000	184,337	16,627	-	-	1,200,964
Disposals	-	-	-	(14,308)	-	-	(14,308)
Reclassification from capital work-in-progress	-	-	1,496,655	-	-	(3,340,024)	(1,843,369)
Reclassification from development properties (Note 7(b))	-	-	231,276	-	-	-	231,276
As at 31 March 2006	538,434	1,000,000	2,157,268	849,426	371,515	-	4,916,643
Accumulated depreciation							
As at 1 April 2005	-	-	73,500	491,414	166,846	-	731,760
Charge during the year	-	10,416	43,145	64,167	64,560	-	182,288
Disposals	-	-	-	(10,063)	-	-	(10,063)
As at 31 March 2006	-	10,416	116,645	545,518	231,406	-	903,985
Net carrying amount	538,434	989,584	2,040,623	303,908	140,109	-	4,012,658

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group and Company

Motor vehicles of the Group and of the Company with an aggregate carrying amount of RM399,260 (2006 - RM415,563) and RM133,479 (2006 - RM138,039) respectively are acquired under hire purchase arrangement.

Freehold land and buildings of the Group with a carrying amount of RM386,817 (2006 - RM390,117) are held in trust by a subsidiary and are charged as securities for banking facilities granted to a subsidiary. The freehold land and buildings occupied by the subsidiary has been included in Note 6 as the Company's investment properties.

Freehold land and buildings of the Company with a carrying amount of RM700,134 (2006 - RM705,035) are charged as securities for banking facilities granted to the Company.

4. INVESTMENT IN SUBSIDIARIES

	Company	
	2007 RM	2006 RM
At cost	42,902,052	42,392,054
Accumulated impairment losses		
As at 1 April	682,253	133,095
Impairment loss for the year	742,824	549,158
As at 31 March	1,425,077	682,253
Carrying amount		
As at 31 March	41,476,975	41,709,801

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

Name of Company	Equity interest held (%) 2007	Equity interest held (%) 2006	Principal activities
Direct subsidiaries			
Yoon Lian Realty Sendirian Berhad	100	100	Property development, construction of properties, investment holding and provision of management services

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT IN SUBSIDIARIES (CONTD.)

Name of Company	Equity interest held (%) 2007	2006	Principal activities
Direct subsidiaries			
Daya Niaga Sdn Bhd	100	100	Property development
Grandeur Park Sdn Bhd	100	100	Property development
Prisma Pelangi Sdn Bhd	100	100	Property development
Agro-Mod Industries Sdn Bhd	100	100	Property development
Bison Holdings Sdn Bhd	100	100	Property holding
Tinggian Development Sendirian Berhad	100	100	Provision of management services
Setaramaju Sdn Bhd	100	100	Insurance agent
HYB Trading Sdn Bhd	100	100	Under members' voluntary liquidation
Pembinaan Hua Yang Sdn Bhd	100	100	Dormant
Prop Park Sendirian Berhad	100	100	Dormant
HYB Management Services Sdn Bhd	51	100	Provision of recreation management services
Indirect subsidiaries			
Bukit Selim Sdn Bhd	100	100	Property development
Bidor Enterprise Sdn Bhd	100	100	Landscaping contractor and provision of management services
Fanoor Sdn Berhad	100	100	Trading of building materials
Daya Niaga Development Sdn Bhd	100	100	Under members' voluntary liquidation

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT IN SUBSIDIARIES (CONTD.)

During the financial year, a subsidiary, HYB Management Services Sdn Bhd, increased its issued and paid-up share capital from RM2 to RM1,000,000 by the issue of 999,998 ordinary shares of RM1 each at an issue price of RM1 per ordinary share for cash. The share issue resulted in a deemed disposal and the Group's equity interest is decreased from 100% to 51%.

The deemed disposal had the following effects on the financial position of the Group as at the end of the year:

	Group 2007 RM	Group 2006 RM
Property, plant and equipment	144,777	-
Other receivables	336,326	-
Cash and bank balances	2,308	-
Other payables	(1,864)	-
Net assets disposed	481,547	-
Proceeds from issuance of ordinary shares to minority interest	(490,000)	-
Gain on deemed partial disposal of a subsidiary (Note 28(a))	(8,453)	-

5. INVESTMENT IN ASSOCIATE

	Group and Company 2007 RM	Group and Company 2006 RM
Unquoted shares at cost	1	-

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

Name of company	Equity interest held (%) 2007	Equity interest held (%) 2006	Principal activity
Projek Megaprima Sdn Bhd	30	-	Dormant

5. INVESTMENT IN ASSOCIATE (CONTD.)

The investment in the associate has not been equity accounted for as the company was incorporated on 6 December 2006 and has yet to commence business operations as at 31 March 2007.

6. INVESTMENT PROPERTIES

	Group		Company	
	2007 RM	2006 RM (restated)	2007 RM	2006 RM (restated)
Cost				
As at 1 April and 31 March	2,450,750	2,450,750	2,276,386	2,276,386
Accumulated depreciation				
As at 1 April	89,045	42,703	79,768	39,600
Charge during the year	46,342	46,342	40,167	40,168
As at 31 March	135,387	89,045	119,935	79,768
Net carrying amounts	2,315,363	2,361,705	2,156,451	2,196,618
Fair value of investment property	3,038,000	3,038,000	2,160,000	2,160,000

The following carrying amount of investment properties are held under lease terms:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Leasehold land	339,329	344,004	-	-
Buildings	1,976,034	2,017,701	1,769,634	1,806,501
	2,315,363	2,361,705	1,769,634	1,806,501

Freehold land and buildings of the Company with a carrying amount of RM386,817 (2006 - RM390,117) are held in trust by a subsidiary and are charged as securities for banking facilities granted to a subsidiary. The freehold land and buildings occupied by the subsidiary has been included in Note 3 as the Group's property, plant and equipment.

7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

Group	Leasehold land RM	Freehold land RM	Development expenditure RM	Total RM
As at 31 March 2007				
Cost				
As at 1 April 2006	14,745,504	43,969,724	50,841,039	109,556,267
Additions	4,526,538	-	5,153,446	9,679,984
Transfer to deferred tax (Note 18)	(74,875)	(193,662)	-	(268,537)
Transfer from income statement	-	-	1,655,034	1,655,034
Transfer from inventories	-	-	69,911	69,911
Transfer to property development costs (Note 7(b))	(2,030,999)	(1,209,997)	(4,137,945)	(7,378,941)
As at 31 March 2007	17,166,168	42,566,065	53,581,485	113,313,718
Accumulated impairment losses				
As at 1 April 2006 and as at 31 March 2007	-	-	1,547,926	1,547,926
Carrying amount as at 31 March 2007	17,166,168	42,566,065	52,033,559	111,765,792
As at 31 March 2006				
Cost				
As at 1 April 2005	14,593,828	53,018,767	43,439,521	111,052,116
Additions	-	-	10,710,392	10,710,392
Transfer to income statement	-	(87,610)	(1,432)	(89,042)
Transfer to inventories	-	-	(104,598)	(104,598)
Transfer to property development costs (Note 7(b))	151,676	(8,961,433)	(3,202,844)	(12,012,601)
As at 31 March 2006	14,745,504	43,969,724	50,841,039	109,556,267
Accumulated impairment losses				
As at 1 April 2005 and as at 31 March 2006	-	-	1,547,926	1,547,926
Carrying amount as at 31 March 2006	14,745,504	43,969,724	49,293,113	108,008,341

7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

(a) Land held for property development (Contd.)

Company	Leasehold land RM	Freehold land RM	Development expenditure RM	Total RM
As at 31 March 2007				
Cost				
As at 1 April 2006	3,476,775	25,634,865	18,710,663	47,822,303
Additions	4,300,000	-	79,591	4,379,591
Transfer to property development costs (Note 7(b))	(2,364,848)	-	(149,135)	(2,513,983)
As at 31 March 2007	5,411,927	25,634,865	18,641,119	49,687,911
Accumulated impairment losses				
As at 1 April 2006 and as at 31 March 2007	-	-	1,547,926	1,547,926
Carrying amount as at 31 March 2007	5,411,927	25,634,865	17,093,193	48,139,985
As at 31 March 2006				
Cost				
As at 1 April 2005	3,476,775	25,634,865	16,819,765	45,931,405
Additions	-	-	2,048,241	2,048,241
Transfer to property development costs (Note 7(b))	-	-	(157,343)	(157,343)
As at 31 March 2006	3,476,775	25,634,865	18,710,663	47,822,303
Accumulated impairment losses				
As at 1 April 2005 and as at 31 March 2006	-	-	1,547,926	1,547,926
Carrying amount as at 31 March 2006	3,476,775	25,634,865	17,162,737	46,274,377

7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

(a) Land held for property development

Additions during the year include the following expenditure:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest expenses	42	296,201	-	16,166

Group

Certain freehold and leasehold land belonging to subsidiaries with carrying amount of RM10,368,803 (2006 - RM10,445,908) are charged as security for banking facilities granted to the Company and certain subsidiaries.

Certain freehold and leasehold land belonging to a subsidiary with carrying amount of RM431,006 (2006 - RM431,006) are held in trust by the Company.

(b) Property development costs

Group	Leasehold land RM	Freehold land RM	Development expenditure RM	Total RM
As at 31 March 2007				
Cumulative property development costs				
As at 1 April 2006	2,842,037	12,746,619	20,504,362	36,093,018
Costs incurred during the year	36,754	423,322	28,113,705	28,573,781
Transfer from land held for property development (Note7(a))	2,030,999	1,209,997	4,137,945	7,378,941
Transfer from deferred tax (Note 18)	(36,754)	(235,825)	-	(272,579)
Reversal of completed projects	(399,123)	(1,470,740)	(33,088,782)	(34,958,645)
Unsold units transferred to inventories	(240,861)	(49,664)	(5,653,106)	(5,943,631)
As at 31 March 2007	4,233,052	12,623,709	14,014,124	30,870,885

7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

(b) Property development costs (Contd.)

Group (Contd.)	Leasehold land RM	Freehold land RM	Development expenditure RM	Total RM
As at 31 March 2007 (Contd.)				
Cumulative costs recognised in income statement				
As at 1 April 2006	220,797	229,464	(8,071,207)	(7,620,946)
Recognised during the year (Note 25)	(104,876)	(2,722,184)	(27,051,676)	(29,878,736)
Reversal of completed projects	399,123	1,470,740	33,088,782	34,958,645
As at 31 March 2007	515,044	(1,021,980)	(2,034,101)	(2,541,037)
Property development costs at 31 March 2007	4,748,096	11,601,729	11,980,023	28,329,848
As at 31 March 2006				
Cumulative property development costs				
As at 1 April 2005	5,713,030	4,151,002	48,014,172	57,878,204
Costs incurred during the year	44,334	-	27,881,434	27,925,768
Transfer from land held for property development (Note7(a))	(151,676)	8,961,433	3,202,844	12,012,601
Transfer to property, plant and equipment (Note 3)	-	-	(231,276)	(231,276)
Reversal of completed projects	(2,763,651)	(358,539)	(52,430,099)	(55,552,289)
Unsold units transferred to inventories	-	(7,277)	(5,932,713)	(5,939,990)
As at 31 March 2006	2,842,037	12,746,619	20,504,362	36,093,018

7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

(b) Property development costs (Contd.)

Group (Contd.)	Leasehold land RM	Freehold land RM	Development expenditure RM	Total RM
As at 31 March 2006 (Contd.)				
Cumulative costs recognised in income statement				
As at 1 April 2005	(1,047,503)	(741,946)	(19,340,581)	(21,130,030)
Recognised during the year (Note 25)	(1,495,351)	612,871	(41,160,725)	(42,043,205)
Reversal of completed projects	2,763,651	358,539	52,430,099	55,552,289
As at 31 March 2006	220,797	229,464	(8,071,207)	(7,620,946)
Property development costs at 31 March 2006	3,062,834	12,976,083	12,433,155	28,472,072

Company	Leasehold land RM	Development expenditure RM	Total RM
As at 31 March 2007			
Cumulative property development costs			
As at 1 April 2006	-	-	-
Transfer from land held for property development (Note7(a))	2,364,848	149,135	2,513,983
As at 31 March 2007	2,364,848	149,135	2,513,983
Cumulative costs recognised in income statement			
As at 1 April 2006	-	-	-
Recognised during the year (Note 25)	-	(2,050)	(2,050)
As at 31 March 2007	-	(2,050)	(2,050)
Property development costs as at 31 March 2007	2,364,848	147,085	2,511,933

7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

(b) Property development costs (Contd.)

Company	Leasehold land RM	Development expenditure RM	Total RM
As at 31 March 2006			
Cumulative property development costs			
As at 1 April 2005	-	20,657,993	20,657,993
Costs incurred during the year	-	5,782,372	5,782,372
Transfer from land held for property development (Note7(a))	-	157,343	157,343
Transfer to property, plant and equipment (Note 3)	-	(231,276)	(231,276)
Reversal of completed projects	-	(21,992,524)	(21,992,524)
Unsold units transferred to inventories	-	(4,373,908)	(4,373,908)
As at 31 March 2006	-	-	-
Cumulative costs recognised in income statement			
As at 1 April 2005	-	(11,576,192)	(11,576,192)
Recognised during the year (Note 25)	-	(10,416,332)	(10,416,332)
Reversal of completed projects	-	21,992,524	21,992,524
As at 31 March 2006	-	-	-
Property development costs as at 31 March 2006	-	-	-

Capitalised in development expenditure during the year are:	Group 2007	Group 2006	Company 2007	Company 2006
Interest expenses	-	49,289	-	-

Group

Certain land with aggregate carrying amounts of RM1,004,895 (2006 - RM1,004,895) are charged as security for banking facilities granted to the Company and a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

8. DUE FROM JOINT DEVELOPMENT PARTNER ON CONTRACTS

	Group	
	2007	**2006**
	RM	**RM**
		(restated)
Construction contract cost incurred todate	25,400,206	18,148,460
Attributable profits	3,851,424	2,102,627
	29,251,630	20,251,087
Progress billings received and receivable	(24,090,351)	(16,132,391)
	5,161,279	4,118,696

9. INTANGIBLE ASSET (GOODWILL)

	Group	
	2007	**2006**
	RM	**RM**
At cost		
As at 1 April and 31 March	11,730,186	11,730,186
Accumulated impairment losses		
As at 1 April	(92,928)	(92,928)
Impairment loss for the year	(1,899,005)	-
As at 31 March	(1,991,933)	(92,928)
Carrying amount		
As at 31 March	9,738,253	11,637,258

9. INTANGIBLE ASSET (GOODWILL)(CONTD.)

(a) Impairment loss recognised

During the financial year, the Group assessed the recoverable amount of goodwill, and determined that goodwill is unsustainable based on the fair value of the related CGU less costs to sell. The impairment loss for the year relates to the goodwill of the subsidiaries which previously were property developers and currently are dormant and no further development activities or other significant revenue generating activities are expected from these subsidiaries. Thus, the goodwill for these subsidiaries has been impaired accordingly.

(b) Impairment tests for goodwill

The carrying amounts of goodwill allocated to the Group's CGUs are based on the respective CGUs' excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

The recoverable amount of a CGU is determined based on fair value less costs to sell, fair value being the CGU's net tangible assets or earnings potential.

NOTES TO THE FINANCIAL STATEMENTS

10. INVENTORIES

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
At cost				
Completed commercial units	6,766,671	8,408,744	4,373,907	4,373,907
Completed residential units	7,001,441	4,982,558	234,727	234,727
	13,768,112	13,391,302	4,608,634	4,608,634

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM6,203,082 (2006 - RM12,295,709) (Note 25).

11. TRADE RECEIVABLES

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Trade receivables	17,182,659	19,484,569	317,203	2,582,398
Accrued billings in respect of property development costs	4,575,178	7,424,543	-	-
	21,757,837	26,909,112	317,203	2,582,398
Allowance for doubtful debts	-	(11,006)	-	-
	21,757,837	26,898,106	317,203	2,582,398

Group and Company

The Group's normal trade credit terms are 14 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

12. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Other receivables	702,212	1,084,165	306,579	301,287
Deposits	567,766	1,013,419	101,562	409,087
Prepayments	-	2,500,000	-	2,500,000
	1,269,978	4,597,584	408,141	3,210,374
Allowance for doubtful debts	(102,343)	(102,893)	(72,000)	(72,000)
	1,167,635	4,494,691	336,141	3,138,374

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

Company

The amounts owing by/(to) subsidiaries are non-interest bearing, unsecured, without fixed terms of repayment and to be settled in cash. However, interest cost incurred on the Company's revolving credit facilities, utilised to finance acquisition of property and development expenditure by the subsidiaries are allocated directly to the subsidiaries for the portion incurred. The rates of interest allocated is similar to those as disclosed in Note 23 to the financial statements.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	2007	2006
Current	RM	RM	RM	RM
Short term funds	3,304,202	4,788,689	3,304,202	4,788,689
Cash in hand and at bank	1,929,488	4,078,094	6,235	45,322
Housing Development Accounts	2,680,968	1,373,661	-	-
Cash and bank balances	7,914,658	10,240,444	3,310,437	4,834,011
Bank overdraft (Note 23)	(113,583)	(604,914)	(53,946)	(268,447)
Cash and cash equivalents	7,801,075	9,635,530	3,256,491	4,565,564

14. CASH AND CASH EQUIVALENTS (CONTD.)

	Group		Company	
	2007	2006	2007	2006
Non-Current	RM	RM	RM	RM
Fixed deposits pledged with a licensed bank	128,436	60,000	-	-

The weighted average effective interest rate of the fixed deposits which is on a fixed rate basis and the maturity of the fixed deposit as at 31 March 2007 are 3.7% (2006 - 3.7%) per annum and 365 (2006 - 365) days, respectively.

The short term funds represent investments in fixed income trust funds which can be redeemed within a period of less than 30 days with tax exempt interest ranging from 2.5% to 2.95% (2006 - 2.5% to 2.95%) per annum.

The Housing Development Accounts are held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use for other operations.

15. SHARE CAPITAL

	Number of Ordinary Shares of RM 1 Each		Amount	
Group and Company	2007	2006	2007 RM	2006 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	90,000,000	90,000,000	90,000,000	90,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

16. SHARE PREMIUM

	Group and Company	
	2007	2006
	RM	RM
As at 1 April and 31 March	6,696,849	6,696,849

The share premium arose from a public issue of 12,871,000 new shares in conjunction with the listing of the Company's shares on the Main Board of Bursa Malaysia Securities Berhad at a premium of RM0.75 per share, net of listing expenses.

17. RESERVES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Distributable				
Retained earnings	80,956,048	75,551,904	8,810,639	4,322,001
Non-distributable				
Capital redemption reserve	500,000	500,000	500,000	500,000
Negative goodwill	-	302,926	-	-
	500,000	802,926	500,000	500,000
	81,456,048	76,354,830	9,310,639	4,822,001

The capital redemption reserve arose from redemption of 5,000,000 redeemable preference shares of RM0.10 each in year ended 31 March 1998 and can be applied in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

Negative goodwill comprise reserve arising on acquisition of subsidiaries. At 1 April 2006, this negative goodwill has been derecognised as stated in Note 2.3(a).

As at 31 March 2007, the Company has tax exempt profits available for distribution of approximately RM228,000 (2006 - RM228,000).

Based on tax credit under Section 108 of the Income Tax Act 1967 as at balance sheet date and tax exempt account balances available, the Company is able to frank payments of dividend out of its entire retained earnings as at balance sheet date without having to incur additional tax liability.

18. DEFERRED TAX LIABILITIES

	Group 2007 RM	Group 2006 RM
As at 1 April	5,396,205	5,811,046
Recognised in the income statements (Note 29)	(315,403)	(414,841)
Recognised in land held for property development (Note 7(a))	(268,537)	-
Recognised in property development costs (Note7(b))	(272,579)	-
As at 31 March	4,539,686	5,396,205

Presented after appropriate offsetting as follows:

	Group 2007 RM	Group 2006 RM
Deferred tax liabilities	4,899,828	5,816,389
Deferred tax assets	(360,142)	(420,184)
	4,539,686	5,396,205

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Land held for property development and property development costs RM	Property, plant and equipment RM	Total RM
As at 1 April 2005	6,334,176	9,832	6,344,008
Recognised in the income statements	(527,619)	-	(527,619)
As at 31 March 2006	5,806,557	9,832	5,816,389
Adjustment of opening balance due to change in tax rate:			
- Land held for property development	(268,537)	-	(268,537)
- Property development costs	(272,579)	-	(272,579)
Recognised in the income statements	(386,843)	11,398	(375,445)
As at 31 March 2007	4,878,598	21,230	4,899,828

18. DEFERRED TAX LIABILITIES (CONTD.)

Deferred tax assets of the Group

	RM
Unrealised profits on inter-company transactions	
As at 1 April 2005	(532,962)
Recognised in the income statements	112,778
As at 31 March 2006	(420,184)
Recognised in the income statements	60,042
As at 31 March 2007	(360,142)

19. HIRE PURCHASE PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Future minimum hire purchase payments:				
Not later than 1 year	105,341	161,429	12,186	50,683
Later than 1 year and not later than 2 years	47,463	117,538	-	12,186
Later than 2 years and not later than 5 years	-	35,267	-	-
Total future minimum hire purchase payments	152,804	314,234	12,186	62,869
Finance charges	(6,459)	(18,672)	(178)	(2,240)
Present value of hire purchase facilities	146,345	295,562	12,008	60,629
Analysis of present value of hire purchase liabilities:				
Not later than 1 year	100,079	149,216	12,008	48,621
Later than 1 year and not later than 2 years	46,266	107,599	-	12,008
Later than 2 years and not later than 5 years	-	38,747	-	-
	146,345	295,562	12,008	60,629
Less: Amount due within 12 month	(100,079)	(149,216)	(12,008)	(48,621)
Amount due after 12 months	46,266	146,346	-	12,008

20. TERM LOANS

	Group and Company	
	2007	**2006**
	RM	**RM**
As at 1 April	13,636,940	7,084,660
Drawdown	-	9,117,483
Repayment	(2,785,167)	(2,565,203)
As at 31 March	10,851,773	13,636,940
Repayable within 1 year included under current liabilities (Note 23)	(2,381,773)	(2,493,216)
Repayable after 1 year	8,470,000	11,143,724
Comprising portions repayable:		
More than 1 year and less than 5 years	8,470,000	8,943,724
More than 5 years	-	2,200,000
	8,470,000	11,143,724

The term loans are secured by:

(i) First party legal charge over a piece of freehold land held under property development by the Company and third party legal charges over certain land held under property development and development properties of certain of its subsidiaries;

(ii) Debenture incorporating a fixed specific charge over all present and future assets of the Company pertaining to the development of the project on the land charged as security.

and are repayable by 36, 96 and 71 monthly instalments of RM122,482, RM27,768 and RM180,000 each commencing April 2003, April 2004 and April 2006, respectively.

21. TRADE PAYABLES

The normal trade credit terms granted to the Group and to the Company range from 30 to 90 days.

22. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Other payables	-	223,342	-	186,126
Deposits	90,385	16,607	13,945	245
Accruals	2,878,102	4,132,788	557,249	521,710
	2,968,487	4,372,737	571,194	708,081

Group

Included in accruals is a provision for gratuity payable to an executive director of a subsidiary amounting to RM486,980 (2006 - RM450,250) as disclosed in Note 28(c).

23. BANK BORROWINGS

	Group		Company	
	2007	2006	2007	2006
Short term borrowings	RM	RM	RM	RM
Bank overdrafts (Note 14)	113,583	604,914	53,946	268,447
Revolving loans	-	16,005	-	16,005
Term loans (Note 20)	2,381,773	2,493,216	2,381,773	2,493,216
	2,495,356	3,114,135	2,435,719	2,777,668

Group

The overdraft facilities extended to subsidiaries are secured by the following:

(i) Legal charge over the Company's freehold land and buildings and first legal charge over certain land held under development properties belonging to one of the subsidiaries. During the year, certain leasehold land belonging to the subsidiaries were released as securities by the financial institution.

(ii) Corporate guarantee by the Company and certain subsidiaries.

23. BANK BORROWINGS (CONTD.)

Company

(i) The Company's overdraft facilities are secured by a first fixed charge over one of its freehold land and buildings and third party legal charges over certain land held for development and development properties belonging to certain of its subsidiaries. During the year, certain leasehold land belonging to the subsidiaries were released as securities by the financial institution.

(ii) The revolving loan facilities with a limit of RM22 million are secured by legal charges over certain freehold land of the Company and certain freehold land belonging to a subsidiary.

The revolving loan facilities are not utilised as at 31 March 2007.

24. REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sales of properties	46,067,618	68,542,102	4,962	18,884,309
Sales of inventories	8,684,100	18,321,023	-	-
Proceeds from contract works	8,219,243	13,548,887	-	-
Additional works	6,000	-	-	-
Sale of vacant land	-	95,000	-	-
Dividend income	-	-	14,876,712	3,000,000
Management, administrative and secretarial services fees	9,500	12,500	396,240	401,460
Commission income	9,457	14,126	-	-
Sale of building materials	507,662	1,093,908	-	-
	63,503,580	101,627,546	15,277,914	22,285,769

25. COST OF SALES

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Property development costs (Note 7 (b))	29,878,736	42,043,205	2,050	10,416,332
Cost of construction contracts	6,296,930	11,748,322		
Cost of inventories sold (Note 10)	6,203,082	12,295,709	-	-
Cost of additional works	5,922	-	-	
Cost of vacant land	-	87,610	-	-
Cost of services rendered/ materials purchased	517,007	986,512	-	-
(Over)/Under provision of development expenditure on projects completed in prior years	(1,716,365)	(110,462)	159,182	-
	41,185,312	67,050,896	161,232	10,416,332

26. OTHER INCOME

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Management fee	134,000	-	134,000	-
Maintenance fee	135,470	130,303	-	-
Contract wages	45,000	-	-	-
Deposits forfeited	33,216	55,469	12,126	13,000
Sundry income	320	1,194		-
Gain on deemed disposal of a subsidiary	8,453	-	-	-
Gain on disposal of property, plant and equipment	25,943	42,999	645	-
Liquidated ascertained damages from contractors	-	238,504	-	238,504
Administration fee	15,700	22,160	500	1,000
Interest income	366,928	190,176	232,898	79,481
Rental income	119,150	89,588	50,750	39,198
	884,180	770,393	430,919	371,183

27. FINANCE COSTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest cost incurred on				
- bank overdrafts	33,805	242,017	19,429	184,168
- project financing	-	9,530	-	-
- revolving loans	42	280,035	-	-
- term loans	1,016,377	932,898	1,016,377	932,898
- hire purchase	13,247	23,214	2,061	5,784
	1,063,471	1,487,694	1,037,867	1,122,850
Amount capitalised in development cost	(42)	(345,490)	-	(16,166)
	1,063,429	1,142,204	1,037,867	1,106,684

28. PROFIT BEFORE TAXATION

(a) This is arrived at after charging:

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Allowance for doubtful debts	-	11,555	-	-
Auditors' remuneration				
- Statutory audit	81,600	81,600	30,000	30,000
- Housing Development Accounts audit	6,000	8,000	-	-
- Other non-audit services	20,000	5,000	20,000	5,000
Depreciation of property, plant and equipment	193,652	373,695	118,407	182,288
Depreciation of investment properties	46,342	46,342	40,167	40,168
Non-executive directors' remuneration (Note 28(c))	193,000	163,750	193,000	163,750
Impairment loss on investment in subsidiaries	-	-	742,824	549,158
Impairment loss on goodwill	1,899,005	-	-	-
Loss on disposal of property, plant and equipment	120	-	-	-
Property, plant and equipment written off	7,134	5,141	150	4,245
Rental of premises	171,954	177,204	96,000	96,000

28. PROFIT BEFORE TAXATION (CONTD.)

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
(a) and crediting:				
Gain on deemed disposal of subsidiary (Note 4)	8,453	-	-	-
Gain on disposal of property, plant and equipment	25,943	42,999	645	-
Gross dividends from unquoted subsidiaries	-	-	14,876,712	3,000,000
Interest income	366,916	190,176	232,898	79,481
Rental income	119,150	89,588	50,750	39,198

(b) Staff information

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Staff costs:				
Salaries, allowances and bonus	2,466,906	2,654,549	849,151	936,655
Provision for gratuity	36,730	450,250	-	-
Employees Provident Fund	317,239	322,516	101,106	111,078
SOCSO	26,286	26,354	7,082	6,923
	2,847,161	3,453,669	957,339	1,054,656

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM644,703 (2006 - RM1,097,774) and RM324,028 (2006 - RM344,826) respectively as further disclosed in Note 28(c) below.

28. PROFIT BEFORE TAXATION (CONTD.)

(c) Directors' remuneration

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Directors of the Company				
Executive:				
Salaries and other emoluments	483,010	454,440	258,250	238,320
Employees Provident Fund	65,258	69,544	34,788	36,996
Provision for gratuity (Note 22)	36,730	450,250	-	-
Bonus	59,085	123,540	30,990	69,510
Socso	620	-	-	-
	644,703	1,097,774	324,028	344,826
Non-Executive:				
Fees	152,000	137,750	152,000	137,750
Other emoluments	42,000	26,000	42,000	26,000
	194,000	163,750	194,000	163,750
Total	838,703	1,261,524	518,028	508,576

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors			
	Executive		Non-Executive	
	2007	**2006**	**2007**	**2006**
Below RM50,000	-	-	7	7
RM300,001 - RM350,000	1	2	-	-
RM250,001 - RM300,000	1	-	-	-

29. TAXATION

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Current tax:				
- Malaysian income tax	4,182,755	7,424,503	3,362,527	2,468,785
- (Over)/underprovision in prior year	(40,669)	(110,369)	62,769	(114,650)
	4,142,086	7,314,134	3,425,296	2,354,135
Deferred tax (Note 18):				
- Relating to origination and reversal of temporary differences	(371,280)	(414,841)	-	-
- Relating to changes in tax rate	50,557	-	-	-
- Underprovision in prior year	5,320	-	-	-
	(315,403)	(414,841)	-	-
Real property gains tax				
- Overprovision in prior year	-	(9,926)	-	-
	3,826,683	6,889,367	3,425,296	2,354,135

Income tax is calculated at the Malaysian statutory tax rate of 27% (2006 - 28%) of the estimated assessable profit for the year.

Subsidiaries with paid up capital of RM2.5 million and below at the beginning of the basis period for the year of assessment are subject to a corporate tax rate of 20% on chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, corporate tax rate of 27% (2006 - 28%) is applicable.

The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27% effective year of assessment 2008. The computation of deferred tax as at 31 March 2007 has reflected this change.

29. TAXATION (CONTD.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Profit before taxation	12,489,594	24,952,473	11,477,934	7,758,988
Taxation at Malaysian statutory tax rate of 27% (2006 - 28%)	3,372,190	6,986,692	3,099,042	2,172,517
Effect of income subject to tax rate of 20%	(177,138)	(251,004)	-	-
Income not subject to tax	(19,276)	(164,596)	(58,688)	(10,832)
Expenses not deductible for tax purposes	646,319	479,010	322,173	347,517
Deferred tax recognised at different tax rates	50,557	-	-	-
Utilisation of previously unrecognised tax losses	(1,749)	(3,485)	-	(3,485)
(Over)/Underprovision in prior years				
- current tax	(40,669)	(110,369)	62,769	(114,650)
- deferred tax	5,320	-	-	-
- real property gains tax	-	(9,926)	-	-
Other differences	(8,871)	(36,955)	-	(36,932)
	3,826,683	6,889,367	3,425,296	2,354,135
Tax savings recognised during the year arising from:				
Utilisation of tax losses brought forward from previous years	1,749	3,485	-	3,485

NOTES TO THE FINANCIAL STATEMENTS

29. TAXATION (CONTD.)

	Group	
	2007	**2006**
	RM	**RM**
Deferred tax assets have not been recognised in respect of the following items:		
Unutilised tax losses	13,000	22,000

The availability of the unutilised tax losses for offsetting against future taxable profits of the relevant subsidiaries are subject to no substantial changes in shareholdings of the subsidiaries under Section 44(5A) and (5B) of the Income Tax Act 1967. Deferred tax assets have not been recognised in respect of unutilised tax losses as there is no assurance of its realisation in the foreseeable future.

30. EARNINGS PER SHARE

The basic earnings per share for the year has been calculated based on the consolidated profit attributable to equity holders of RM8,645,217 (2006 - RM18,063,106) and on the number of ordinary shares in issue during the year of 90,000,000 (2006 - 90,000,000).

31. DIVIDENDS

	Group and Company				
	Dividends in respect of year			Dividends recognised in year	
	2007	2006	2005	2007	2006
	RM	RM	RM	RM	RM
Recognised during the year:					
Final dividend of 5.42 % less 27% tax (2006 - 7.00% less 28% tax) on 90,000,000 ordinary shares (3.96 sen (2006 - 5.04 sen) per ordinary share)	-	3,564,000	4,536,000	3,564,000	4,536,000
Interim dividend of 3% less 28% tax on 90,000,000 ordinary shares (2.16 sen per ordinary share)	-	1,944,000	-	-	1,944,000
	-	5,508,000	4,536,000	3,564,000	6,480,000
Proposed for approval at AGM (not recognised as at 31 March)					
Final dividend of 5% less 27% tax (2006 - 5.42% less 27% tax) on 90,000,000 ordinary shares (3.65 sen (2006 - 3.96 sen) per ordinary share)	3,285,000	3,564,000	4,536,000	-	-

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 March 2007, of 5% less 27% taxation on 90,000,000 ordinary shares, amounting to a total dividend of RM3,285,000 (3.65 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the next financial year ending 31 March 2008.

32. RELATED PARTY TRANSACTIONS

With subsidiaries

Company	Grandeur Park Sdn Bhd RM	Agro-Mod Industries Sdn Bhd RM	Prisma Pelangi Sdn Bhd RM	Daya Niaga Sdn Bhd RM	Tinggian Development Sendirian Berhad RM	Total RM
2007						
Management fees received and receivable	240,000	120,000	12,000	12,000	9,000	393,000
Amount outstanding as at 31 March 2007	-	120,000	-	-	-	120,000
2006						
Share of entitlement payable to joint venture partner	-	-	-	(4,402,802)	-	(4,402,802)
Management fees received and receivable	240,000	120,000	12,000	12,000	12,000	396,000
	240,000	120,000	12,000	(4,390,802)	12,000	(4,006,802)
Amount outstanding as at 31 March 2006	-	120,000	-	-	-	120,000

33. SEGMENT INFORMATION

Segment information is not presented as the Group operates solely in Malaysia and the combined revenues, operating results and assets employed of business segments other than property development segment represents less than 10% of the Group's revenue, operating results and assets employed respectively.

34. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group’s businesses whilst managing its interest rate, liquidity and credit risks. The Group's policy is not to engage in any speculative transactions.

(i) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's primary interest rate risk relates to interest-bearing debt. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been placed in fixed deposits which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial Risk Management Objectives and Policies (Contd.)

(i) Interest Rate Risk (Contd.)

The following table set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the balance sheet date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

Group	Note	WAEIR	Within 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	Total
			←		Years			→	
At 31 March 2007			RM	RM	RM	RM	RM	RM	RM
Fixed rate									
Hire purchase payables	19	3.23%	100,079	46,266	-	-	-	-	146,345
Floating rate									
Bank overdrafts	23	9.73%	113,583	-	-	-	-	-	113,583
Term loans	20	8.25%	2,381,773	2,160,000	2,160,000	2,160,000	1,990,000	-	10,851,773
At 31 March 2006									
Fixed rate									
Hire purchase payables	19	3.23%	149,216	107,599	38,747	-	-	-	295,562
Floating rate									
Bank overdrafts	23	9.73%	604,914	-	-	-	-	-	604,914
Term loans	20	7.75%	2,493,216	2,463,724	2,160,000	2,160,000	2,160,000	2,200,000	13,636,940

34. FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial Risk Management Objectives and Policies (Contd.)

(i) Interest Rate Risk (Contd.)

The following table set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the balance sheet date and the remaining maturities of the Company's financial instruments that are exposed to interest rate risk:

Company	Note	WAEIR	Within 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	Total
			←		Years			→	
At 31 March 2007			RM	RM	RM	RM	RM	RM	RM
Fixed rate									
Hire purchase payable	19	3.23%	12,008	-	-	-	-	-	12,008
Floating rate									
Bank overdrafts	23	8.38%	53,946	-	-	-	-	-	53,946
Term loans	20	8.25%	2,381,773	2,160,000	2,160,000	2,160,000	1,990,000	-	10,851,773
At 31 March 2006									
Fixed rate									
Hire purchase payable	19	3.23%	48,621	12,008	-	-	-	-	60,629
Floating rate									
Bank overdrafts	23	8.00%	268,447	-	-	-	-	-	268,447
Term loans	20	7.75%	2,493,216	2,463,724	2,160,000	2,160,000	2,160,000	2,200,000	13,636,940

34. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies (Contd.)

(ii) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(iii) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

(b) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

Group	Carrying Amount RM	Fair Value RM
At 31 March 2007		
Hire purchase payables	46,266	44,820
Term loans	8,470,000	6,990,758
At 31 March 2006		
Hire purchase payables	146,346	140,365
Term loans	11,143,724	8,990,798

The fair value of long term hire purchase payables and term loans have been calculated by discounting the expected future cash flows at prevailing interest rates.

35. COMPARATIVE FIGURE

The following comparative figure has been reclassified to confirm with current year's presentations.

	Previously stated RM	Reclassification RM	Restated RM
Company			
Income statement			
Revenue	19,285,769	3,000,000	22,285,769
Other income	3,371,183	(3,000,000)	371,183

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

We, the undersigned, being two of the Directors of **HUA YANG BERHAD**, do hereby state that in the opinion of the Directors, the accompanying financial statements, together with the notes thereto, are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed for and on behalf of the Board in accordance with a resolution of the Directors dated 20 July 2007

HO MOOK LEONG **HO KHON YOK**

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

I, **CHAN SEW MOH**, being the officer primarily responsible for the financial management of **HUA YANG BERHAD**, do solemnly and sincerely declare that the accompanying financial statements together with the notes thereto, are, in my opinion, 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 Ipoh in the State of Perak)
Darul Ridzuan on 20 July 2007) **CHAN SEW MOH**

Before me,

SARWANT SINGH A/L INDER SINGH (No. A169)
No. 11, Jalan Tun Sambanthan
30000 Ipoh, Perak.

Commissioner for Oaths

Company No: 44094-M

REPORT OF THE AUDITORS TO THE MEMBERS OF
HUA YANG BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 71. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:

    (i) the financial position of the Group and of the Company as at 31 March 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and

    (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

Company No: 44094-M

REPORT OF THE AUDITORS TO THE MEMBERS OF
HUA YANG BERHAD (CONTD.)
(Incorporated in Malaysia)

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

The Auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 20 July 2007

LEONG CHOOI MAY
No. 1231/03/09 (J)
Partner

Lodged by:
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