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Form of Proxy	(Attached)



Super Red - Smooth Face facing Bricks

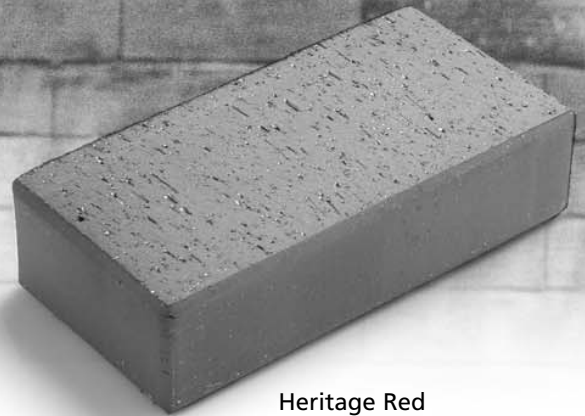


Cream - Smooth Face facing Bricks

facing



Cream - Barkface facing Bricks



Heritage Red

paver

1



Heritage Cream



Heritage Brown

roofing



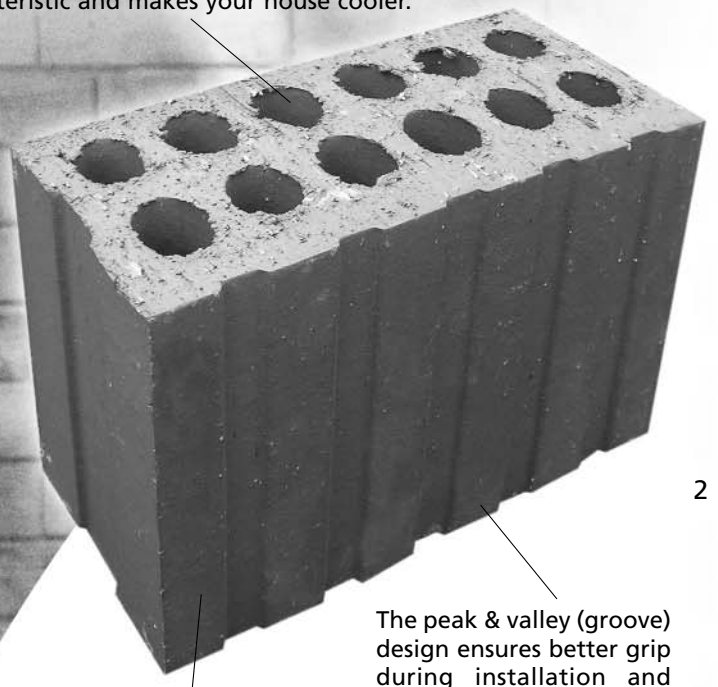
CLAYON roofing tiles are produced from the highest quality clay and are made to last.

CLAYON roofing tiles are the choice of uncompromising industry professionals that demand the very best for top-end real estate development.

EconBlocks



Perforated (air pocket) design improves acoustic characteristic and makes your house cooler.



Is EconBlocks

- | | | | |
|----------------------|-------------------------------------|---------------------|-------------------------------------|
| Economical? | <input checked="" type="checkbox"/> | Better sound proof? | <input checked="" type="checkbox"/> |
| Better quality? | <input checked="" type="checkbox"/> | Cooler? | <input checked="" type="checkbox"/> |
| Faster installation? | <input checked="" type="checkbox"/> | Easy to work? | <input checked="" type="checkbox"/> |
| Better appearance? | <input checked="" type="checkbox"/> | Stronger? | <input checked="" type="checkbox"/> |
| Fire resistance? | <input checked="" type="checkbox"/> | | |

Bigger size translates to bigger saving.

The peak & valley (groove) design ensures better grip during installation and cement rendering.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of Kia Lim Berhad will be held at Dewan Okid, 2nd Floor, Hotel Carnival, 2, Jalan Fatimah, 83000 Batu Pahat, Johor, Malaysia on Thursday, 29 May 2008 at 12.00 p.m. to transact the following businesses.

Agenda

ORDINARY BUSINESS

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the year ended 31 December 2007 together with the Directors' and Auditors' Report thereon. | Resolution 1 |
| 2. To approve the payment of Directors' Fees for the year ended 31 December 2007. | Resolution 2 |
| 3. To re-elect the following Directors who retire during the year in accordance with Article 80 of the Company's Articles of Association and being eligible, offer themselves for re-election:-

- Datuk Ng Yeng Keng @ Ng Ka Hiat
- Chua Syer Cin
- Ng Chin Kang | Resolution 3
Resolution 4
Resolution 5 |
| 4. To re-appoint the following Directors pursuant to Section 129(6) of the Companies Act, 1965 as Directors of the Company to hold office until the conclusion of the next Annual General Meeting:-

- Datuk Ng Eng Sos @ Bah Chik
- Dr Ng Yam Puan @ Ng Ah Bah | Resolution 6
Resolution 7 |
| 5. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration. | Resolution 8 |

SPECIAL BUSINESS

- | | |
|--|---------------------|
| 6. To consider and, if thought fit, to pass the following Ordinary Resolutions: -

ORDINARY RESOLUTION 1
AUTHORITY TO ALLOT SHARES - SECTION 132D | Resolution 9 |
|--|---------------------|

"**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

- | | |
|--|----------------------|
| ORDINARY RESOLUTION 2
PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed RSM") | Resolution 10 |
|--|----------------------|

"**THAT** approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties mentioned under section 2.1.1, of the Circular to Shareholders dated 7 May 2008 which are necessary in the ordinary course of business of the Company and its subsidiaries for day-to-day operations and on normal commercial terms which are not more favourable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until: -

Notice Of Annual General Meeting

SPECIAL BUSINESS (cont'd)

- (a) the conclusion of the next Annual General Meeting ("AGM") following the forthcoming AGM at which such Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature was passed, at which time will lapse, unless by ordinary resolution passed at an AGM whereby the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in an AGM or EGM,

whichever is earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

ORDINARY RESOLUTION 3

PROPOSED SHAREHOLDERS' MANDATE FOR NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed SM")

Resolution 11

"THAT approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties mentioned under section 2.1.2, of the Circular to Shareholders dated 7 May 2008 which are necessary in the ordinary course of business of the Company and its subsidiaries for day-to-day operations and on normal commercial terms which are not more favourable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until: -

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which such Proposed Shareholders' Mandate for New Recurrent Related Party Transactions of a Revenue or Trading Nature was passed, at which time will lapse, unless by ordinary resolution passed at an AGM whereby the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in an AGM or EGM,

whichever is earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

7. To transact any other business appropriate to an Annual General Meeting.

Notice Of Annual General Meeting

BY ORDER OF THE BOARD

WOO YING PUN (MAICSA No. 7001280)
LEONG SIEW FOONG (MAICSA No. 7007572)
Company Secretaries

Johor Bahru
7 May 2008

NOTES:

1. A member of the Company entitled to attend and vote at the Meeting shall not be entitled to appoint more than two proxies to attend and vote in his stead. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, Section 149 of the Act shall not be applicable.
3. Where a member is an authorised nominee as defined under The Securities Industry (Central Depositories) Act, 1991 it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
5. All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Resolution 9 Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 9, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval.

2. Resolution 10 and Resolution 11

The Proposed RSM under Ordinary Resolution 10 was intended to renew the shareholders' mandate granted by the shareholders of the Company at an Annual General Meeting of the Company held on 29 May 2007.

The Proposed SM under Ordinary Resolution 11 was intended to obtain the shareholders' mandate for New Recurrent Related Party Transaction from the shareholders of the Company at this AGM.

The Proposed RSM and Proposed SM are to facilitate transactions in the normal course of business of the Company and its subsidiaries ("the Group") which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

By obtaining the shareholders' mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

Further information on Proposed RSM and Proposed SM are set out in the Circular to Shareholders of the Company which is despatched together with the Annual Report of the Company for the financial year ended 31 December 2007.

Corporate Information

DIRECTORS

Datuk Ng Eng Sos @ Bah Chik
 YB Datuk Ariss Bin Samsudin
 Datuk Ng Yeng Keng @ Ng Ka Hiat
 Tan See Chip
 Dr Ng Yam Puan @ Ng Ah Bah
 Mohd Salleh Bin Jantan
 YB Koh Chai @ Koh Chee Chai
 Loh Chee Kan
 Chua Syer Cin
 Ng Chin Kang

SECRETARIES

Woo Ying Pun (F)
 Leong Siew Foong (F)

REGISTERED OFFICE

Suite 6.1A, Level 6
 Menara Pelangi
 Jalan Kuning
 Taman Pelangi
 80400 Johor Bahru
 Johor Darul Ta'zim
 Telephone : 07-3323536
 Fax : 07-3324536

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
 Level 26 Menara Multi Purpose
 Capital Square
 No. 8, Jalan Munshi Abdullah
 50100 Kuala Lumpur
 Telephone : 03-27212222
 Fax : 03-27212530

PRINCIPAL PLACE OF BUSINESS

79, Jalan Muar
 Parit Sulong
 83500 Batu Pahat
 Johor Darul Ta'zim

AUDITORS

Ernst & Young
 Chartered Accountants

PRINCIPAL BANKERS

CIMB Bank Berhad
 EON Bank Berhad
 Malaysian Industrial Development Finance Berhad
 RHB Bank Berhad

STOCK EXCHANGE

Main Board of the Bursa Malaysia Securities Berhad
 Stock Code : 6211

Audit Committee Report

MEMBERS

Loh Chee Kan

- Chairman, Independent Non-Executive Director

Datuk Ng Yeng Keng @ Ng Ka Hiat (Resigned on 28 February 2008)

- Member, Chief Executive Officer & Executive Director

YB Koh Chai @ Koh Chee Chai

- Member, Independent Non-Executive Director

Chua Syer Cin

- Member, Independent Non-Executive Director

MEMBERSHIP

The Committee shall be appointed by the Board from amongst its Directors excluding alternate directors which fulfills the following requirements:

- (a) the Audit Committee must be composed of no fewer than three (3) members;
- (b) a majority of the Audit Committee must be independent directors (as defined in the Listing Requirements) and all members of the Audit Committee should be non-executive directors and financially literate; and
- (c) at least one member of the Audit Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
 - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- (iii) fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The members of the Committee shall elect a chairman from amongst the Audit Committee members who shall be an independent director.

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three, appoint such number of new members as may be required to make up the minimum number of three members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years.

RIGHTS

The Committee shall:-

- (a) have explicit authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice;
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary;
- (g) be able to seek co-operation of all employees of the Company ; and
- (h) promptly report to the Bursa Securities of matters which result in a breach of the Listing Requirements.

in accordance with the procedure determined by the Board.

Audit Committee Report

FUNCTIONS

The functions of the Committee shall include the following:

- (1) review the following and report the same to the Board:
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees of the Company to the external auditor;
 - (e) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events;
 - (iii) going concern assumptions; and
 - (iv) compliance with accounting standards and other legal requirements.
 - (f) any related party transaction and inter company transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (g) any letter of resignation including the written explanations of the resignation from the external auditors of the Company;
 - (h) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
- (2) do the following, in relation to the internal audit function: -
 - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (3) recommend the nomination of a person or persons as external auditors and auditors' remuneration.
- (4) verify the criteria for allocation of option pursuant to a share scheme for employee.

MEETINGS

- a) Meetings of the Committee shall be held not less than four (4) times a year.
- b) The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting.
- c) The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee.
- d) Written notice of the meeting together with the agenda shall be given to the members of the Committee and external auditor where applicable.
- e) The Head of Finance, the Head of Internal Audit and a representative of the external auditors shall normally attend meetings. Other Board members, employees, any professionals or outsiders with relevant experience or expertise may attend any particular meeting only at the Committee's invitation.
- f) At least twice a year, the Committee shall meet with the external auditors without Executive Board members present.
- g) The quorum for a meeting of the Committee shall be two (2) Provided Always that the majority of members present must be independent directors.
- h) Any decision of the Committee shall be by simple majority.
- i) The Committee shall record its conclusions in discharging its duties and responsibilities.
- j) The Company Secretary shall be the Secretary of the Committee.
- k) The Secretary is responsible for sending out notices of the meetings and preparing and keeping minutes of meetings.

Audit Committee Report

REPORTING PROCEDURES

The Minutes of the Committee meeting shall be extended to all the members of the Board of Directors.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee has conducted its activities in accordance with its existing Terms of Reference. The activities are as follows:

- Reviewed and recommended for the Board's approval the quarterly financial results for public announcement;
- Reviewed with the external auditors their audit plan prior to the commencement of the audit activities;
- Discussed the annual audited financial statements with the external auditors and ensured that the financial reporting and disclosure requirements are complied with the relevant authorities, as well as their findings and recommendations;
- Discussed with the external auditors to ensure that internal control system is adequate and functioning and any weaknesses identified are properly remedied;
- Reviewed related party transactions entered into by the Group in its ordinary course of business;
- Discussed and reviewed the updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board; and
- Reviewed and approved the internal audit reports.

ATTENDANCE OF AUDIT COMMITTEE MEETINGS

Details of attendance at Audit Committee Meetings held in the financial year ended 31 December 2007 as follows:

No.	Name of Audit Committee Members	Number of Meetings Attended
1	Loh Chee Kan	4
2	Datuk Ng Yeng Keng @ Ng Ka Hiat	4
3	YB Koh Chai @ Koh Chee Chai	3
4	Chua Syer Cin	4

A total of four (4) Audit Committee Meetings were held during the financial year ended 31 December 2007.

INTERNAL AUDIT FUNCTIONS

The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control. After the resignation of the Group's internal audit officer during the year, the Board has since outsourced its internal audit function to an independent professional service firm.

The Outsourced Internal Auditors had met with the Audit Committee to present their reports and to discuss their findings and the adequacy of the internal control system of the Group.

Profile Of Board Of Directors

DATUK NG ENG SOS @ BAH CHIK, aged 72, was appointed Chairman & Managing Director of Kia Lim Berhad ("KLB") on 5 March 1996 and redesignated as Executive Chairman on 8 October 2007. Datuk Ng Eng Sos is one of the founder members of Syarikat Kia Lim Kilang Batu Bata Sdn Bhd ("SKL") and Kangkar Raya Batu Bata Sdn Bhd ("KRBB"), both are the subsidiary companies of KLB. Currently, he is also a member of the Remuneration Committee of the Company.

He has over thirty six (36) years of experience in various industries such as brick making, building and civil engineering works, housing development, sawmilling, logging and manufacturing of wood-based products. He was the Director of Syarikat Kayu Wangi Berhad and resigned in 2006. He also sits on the Board of several other private limited companies. Socially, he has devoted much of his time looking after the educational well-being of children as the Honorary President of the Bandar Penggaram Associated Chinese Schools Batu Pahat. He is also the Honorary President of the Chinese Chamber of Commerce Batu Pahat, Hokkien Association Batu Pahat and Federation of Nam Ann Association Malaysia and President of Batu Pahat Brick Factories Association.

Datuk Ng Eng Sos is the brother of Dr Ng Yam Puan and Datuk Ng Yeng Keng, brother-in-law of Mr Tan See Chip and uncle of Mr Ng Chin Kang, Directors and/or major shareholders of the Company. His family member who are also substantial shareholders of the Company are Kour Siok Leen (sister-in-law of Datuk Ng Eng Sos) and his son, namely, Mr Ng Chin Lan. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

He attended three (3) out of a total four (4) Board Meetings of the Company held during the financial year ended 31 December 2007.



YB DATUK ARISS BIN SAMSUDIN, aged 52, was appointed Vice Chairman & Executive Director of KLB on 5 March 1996 and was appointed to the Board of SKL on 28 February 1995. He also sits on the Board of several other private limited companies.

Prior to joining SKL, he was appointed to the Board of Directors of Naluri Berhad in 1994 and had resigned in 2000. He has previously held the position of a Business Development Manager (Southern-Johor state) in Kretam Holdings Berhad from 1 April 1994 to 30 October 1994 and subsequently went on to join Jeffa Construction Sdn Bhd in a similar position from 1 November 1994 to 29 February 1996. On 1 March 1996, he joined Kretam Management Sdn Bhd as a Business Development Manager (Southern-Johor state) and resigned on 16 November 1998. YB Datuk Ariss had been in the civil service for about ten (10) years from 1984 to 1994 before moving on to business. Socially, he is currently a member of State Assembly of Semerah, Johor and Deputy Head of Umno, Parit Sulong.

YB Datuk Ariss has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

He attended all of the four (4) Board Meetings of the Company held during the financial year ended 31 December 2007.



Profile Of Board Of Directors

DATUK NG YENG KENG @ NG KA HIAT, aged 62, was appointed Executive Director of KLB on 5 March 1996 and redesignated as Deputy Managing Director on 29 November 2006. Subsequently, on 8 October 2007, Datuk Ng Yeng Keng was redesignated as Chief Executive Officer of the Company. He resigned as a member of the Audit Committee of the Company on 28 February 2008.

He has over twenty five (25) years of experience in the manufacturing of clay bricks, building and civil engineering works, sawmilling, logging and manufacturing of wood-based products. He was an Executive Director of Syarikat Kayu Wangi Berhad since 1981 and resigned in 2005. He also sits on the Board of several other private limited companies.

Datuk Ng Yeng Keng is the brother of Datuk Ng Eng Sos and Dr Ng Yam Puan, brother-in-law of Mr Tan See Chip and uncle of Mr Ng Chin Kang, Directors and/or major shareholders of the Company. His related family members who are also substantial shareholders of the Company are Kour Siok Leen (sister-in-law of Datuk Ng Yeng Keng) and his nephew, namely, Mr Ng Chin Lan. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

He attended all of the four (4) Board and Audit Committee Meetings of the Company held during the financial year ended 31 December 2007.



MR TAN SEE CHIP, aged 68, was appointed Executive Director of KLB on 5 March 1996 and is also one of the founder members of SKL and KRBB. He has over twenty eight (28) years of experience in the manufacturing of clay bricks, building and civil engineering works. He also sits on the Board of several other private limited companies.

Mr Tan See Chip is the brother-in-law of Datuk Ng Eng Sos, Dr Ng Yam Puan, Datuk Ng Yeng Keng and Kour Siok Leen, uncle of Mr Ng Chin Kang and Mr Ng Chin Lan, Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

He attended all of the four (4) Board Meetings of the Company held during the financial year ended 31 December 2007.



DR NG YAM PUAN @ NG AH BAH, aged 70, was appointed Non-Executive Director of KLB on 5 March 1996 and is a graduate from the Tohoku National University, Japan with a Bachelor of Medicine and Bachelor of Surgery in 1967 and Doctor of Philosophy in Internal Medicine in 1972. He started his medical career at the Johor Bahru General Hospital as a medical officer in 1973. He has since left the civil service in 1977 to establish his own private clinic in Batu Pahat. He is also a Director of several other private limited companies.

Dr Ng Yam Puan is the brother of Datuk Ng Eng Sos and Datuk Ng Yeng Keng, brother-in-law of Mr Tan See Chip and uncle of Mr Ng Chin Kang, Directors and major shareholders of the Company. His related family members who are also substantial shareholders of the Company are Kour Siok Leen (sister-in-law of Dr Ng Yam Puan) and his nephew, namely, Mr Ng Chin Lan. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

He attended all of the four (4) Board Meetings of the Company held during the financial year ended 31 December 2007.



Profile Of Board Of Directors

EN MOHD SALLEH BIN JANTAN, aged 65, was appointed Non-Executive Director of KLB on 5 March 1996 and has over thirty two (32) years experience in the manufacturing of clay bricks and building and civil engineering works. Presently, he is a member of the Nomination Committee.

He was the Board member of Syarikat Kayu Wangi Berhad and resigned in 2005. He is also the Director of several other private limited companies.

En Mohd Salleh has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

He attended all of the four (4) Board Meetings of the Company held during the financial year ended 31 December 2007.



YB KOH CHAI @ KOH CHEE CHAI, aged 60, was appointed Independent Non-Executive Director of KLB on 29 November 2006. Presently he is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

He is currently a member of State Assembly of Penggaram, Johor.

Save as disclosed, he has i) no shareholding in the Company or in any of its subsidiaries; ii) no family relationship with any Director and/or major shareholder of the Company; iii) no conflict of interest with the Company; and iv) no conviction for offences within the past ten (10) years.

He attended all of the four (4) Board and three (3) out of a total four (4) Audit Committee Meetings of the Company held during the financial year ended 31 December 2007.

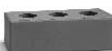


MR LOH CHEE KAN, aged 53, was appointed Independent Non-Executive Director of KLB on 5 March 1996. Presently, he is the Chairman of the Audit Committee, member of the Nomination Committee and the Remuneration Committee.

He obtained his Bachelor of Science (Honours) Degree in Management Sciences from the University of Warwick in the United Kingdom in 1978. His career experience includes a twelve (12) years attachment with Ernst & Young, an international accounting and consultancy practice, and later with Juan Kuang (M) Industrial Bhd where he stayed for two (2) years. He is currently the Finance Director of the JK Capital Sdn Bhd group of companies.

Save as disclosed, he has i) no shareholding in the Company or in any of its subsidiaries; ii) no family relationship with any Director and/or major shareholder of the Company; iii) no conflict of interest with the Company; and iv) no conviction for offences within the past ten (10) years.

He attended all of the four (4) Board and Audit Committee Meetings of the Company held during the financial year ended 31 December 2007.



Profile Of Board Of Directors

MR CHUA SYER CIN, aged 36, was appointed Independent Non-Executive Director of KLB on 1 November 2001 and is presently a member of the Audit Committee of the Company.

Upon graduation from the Charles Sturt University, Australia in 1994, he joined the accounting practice of Ernst & Young as an Audit Senior. From 1998 to 2000, he was the Audit/Tax Manager of Teo & Associates, an accounting firm in Melaka. In February 2000, he set up his own accounting firm, Messrs SC Chua & Associates and has since been the sole proprietor of the firm.

He is presently a member of Malaysian Institute of Accountants and CPA Australia. He was an Independent Non-Executive Director of Syarikat Kayu Wangi Berhad and resigned in 2005. He is also the Board member of Poh Huat Resources Holdings Berhad, Equator Life Science Berhad as well as several private limited companies.

Save as disclosed, he has i) no shareholding in the Company or in any of its subsidiaries; ii) no family relationship with any Director and/or major shareholder of the Company; iii) no conflict of interest with the Company; and iv) no conviction for offences within the past ten (10) years.

He attended all of the four (4) Board and Audit Committee Meetings of the Company held during the financial year ended 31 December 2007.



MR NG CHIN KANG, aged 37, was appointed Executive Director of KLB on 26 November 2001. He graduated with a Bachelor of Commerce with Honours degree from University of Western Australia and ASIA Graduate Diploma from Security Institute of Australia. He also holds a MBA from Sydney University and Master of Arts in Business Research from Macquarie University, Australia.

He worked with Medical Benefits Funds of Australia Limited in the senior executive management team from 1999 to March 2002. Prior to that, Mr Ng Chin Kang had served as senior officer in the investment banking arm of Commonwealth Bank of Australia for approximately five (5) years. He is also a Director of several other private limited companies.

Mr Ng Chin Kang is the nephew of Datuk Ng Eng Sos, Dr Ng Yam Puan and Datuk Ng Yeng Keng and cousin of Ng Chin Lan, Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

He attended all of the four (4) Board Meetings of the Company held during the financial year ended 31 December 2007.

Please refer to page 66 and page 68 of this Annual Report for Directors' shareholdings and warrant holdings.



Corporate Governance Statement

The Group holds the views that Corporate Governance is a continuous process in strengthening the prosperity of the business and corporate accountability towards the stakeholders. This Corporate Governance Statement aims to explain how the Company has applied the Principles and the extent of its compliance with the Best Practices and good governance as set out in the Malaysian Code of Corporate Governance.

THE BOARD OF DIRECTORS

The Group is led and managed by an experience Board comprising members with a wide range of experience in relevant fields such as business administration, technical, accounting, legal, banking, finance and public services. The Board has overall responsibility for corporate governance, strategic direction, overseeing the conduct of the Group's business and its management, reviewing the adequacy and the integrity of the Group's internal control systems. It is the ultimate body in decision making for outlining and implementation of corporate objectives and directions.

a) Composition

The Board consists of the Executive Chairman, the Vice Chairman, who is an Executive Director, the Chief Executive Officer, two (2) other Executive Directors and five (5) Non-Executive Directors of which three (3) are Independent Non-Executive Directors, two (2) are Non-Executive Directors. With the above appointments, Kia Lim Berhad has thus complied with the Bursa Securities Listing Requirements on board composition. A brief profile of each Director is presented separately in this Annual Report.

The Chief Executive Officer, who is also an Executive Director is assisted in the management of the business on a day-to-day basis by the Executive Directors and an experienced management team. He has over twenty five (25) years of experience in the manufacturing of clay bricks, building and civil engineering works, sawmilling, logging and manufacturing of wood-based products and has the caliber to ensure that strategies and policies approved by the Board are effectively implemented. The Independent Non-Executive Directors are independent of management and free from any business tie or other relationships that could materially interfere with the exercise of their independent judgement. They play an important role to ensure the strategies or views proposed by the Management are professional and independent and that the advice and judgement made to issues and decisions are to the best interest of the stakeholders and the Group. The Board has identified Mr Loh Chee Kan as the Senior Independent Non-Executive Director to whom concerns may be conveyed.

There is a clear and distinct division of responsibility between the Chairman and the Chief Executive Officer to ensure a proper balance of power and authority. The Chairman has overall responsibility of running the Board while the Chief Executive Officer has the executive responsibility to manage the business. All decisions of the Board are based on decision of the majority and no single Board member can make any decision on behalf of the Board, unless duly authorised by the Board. As such, no individual or a group of individuals dominate the decision making process. This enable the Board to effectively discharge its principal responsibility as set out in the Code.

b) Board Meetings

The Board meets at least four (4) times a year, with additional meetings for particular matters convened as and when necessary. There were four (4) Board Meetings held during the financial year ended 31 December 2007. A majority of the Directors attended all the Board Meetings held during their tenure. Details of attendance are as follows :

Directors	Status	Board Meeting Attend
Datuk Ng Eng Sos @ Bah Chik	Executive Chairman	3/4
YB Datuk Ariss Bin Samsudin	Vice Chairman & Executive Director	4/4
Datuk Ng Yeng Keng @ Ng Ka Hiat	Chief Executive Officer	4/4
Tan See Chip	Executive Director	4/4
Ng Chin Kang	Executive Director	4/4
Dr Ng Yam Puan @ Ng Ah Bah	Non-Executive Director	4/4
Mohd Salleh Bin Jantan	Non-Executive Director	4/4
Loh Chee Kan	Independent Non-Executive Director	4/4
Chua Syer Cin	Independent Non-Executive Director	4/4
YB Koh Chai @ Koh Chee Chai	Independent Non-Executive Director	4/4

Corporate Governance Statement

THE BOARD OF DIRECTORS (cont'd)

c) Supply of Information

The Agenda and Board Papers are circulated before each meeting. All Directors have access to the advice and services of the Company Secretaries who are responsible for ensuring that Board Meeting Procedures are adhered to and that applicable rules and regulations are complied with. Senior management staff are also invited to attend Board meetings when necessary to provide the Board with further explanation and clarification on matters being tabled for consideration by the Board. Minutes of the Board meetings are also maintained by the Company Secretaries.

In addition, the Board has the authority to assess the state of internal control as it deems necessary. The Board also has had the right to information and clarification from Management as well as to seek inputs from the Audit Committee, external/internal auditors and other experts in appropriate circumstances at the Company's expense.

d) Appointment and Re-election of the Board

The Bursa Securities Listing Requirements provides that each Director, including the Managing and/or Executive Directors must retire from office at least once in three (3) years and shall be eligible for re-election at the Annual General Meeting ("AGM"). Directors who are newly appointed by the Board are subject to re-election by the shareholders at the immediate next AGM held following their appointment. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

e) Nomination Committee

The Nomination Committee is responsible to assist the Board in reviewing and recommending new nominees to the Board of Directors and undertake duties specified by the Board from time to time.

The company secretary will ensure that all appointments are properly made, that all information necessary is obtained, as well as all legal and regulatory obligations are met. The members of the Committee are as follows :

Loh Chee Kan (Independent Non-Executive Director)	Member
YB Koh Chai @ Koh Chee Chai (Independent Non-Executive Director)	Member
Mohd Salleh Bin Jantan (Non-Executive Director)	Member

f) Remuneration Committee

The Remuneration Committee is responsible to assist the Board in assessing the remuneration packages of the Directors of the Company and Group. The Board will decide on the remuneration packages after considering the recommendations made by the Committee.

The members of the Committee are as follows :

Datuk Ng Eng Sos @ Bah Chik (Executive Chairman)	Member
Loh Chee Kan (Independent Non-Executive Director)	Member
YB Koh Chai @ Koh Chee Chai (Independent Non-Executive Director)	Member

g) Directors' Remuneration

The Board constantly takes note of the contribution and performance of the existing Directors. The objective of the Company is to ensure the level of remuneration is sufficient to attract and retain the Directors to run the Company successfully. The remuneration packages of the Executive Directors are structured to link to the corporate and individual performance and commitment. The Executive Directors abstain themselves from participation in the discussion/decision making in respect of their own remuneration packages. Non-Executive Directors are paid a meeting allowance for each meeting they attended.

The Directors' fees are approved by the shareholders at the AGM. The Company reimburses expenses incurred by the Directors in the course of their duties as Directors.

Corporate Governance Statement

THE BOARD OF DIRECTORS (cont'd)

g) Directors' Remuneration (cont'd)

The aggregate remuneration of Directors, received or receivable, categorised into appropriate components for the financial year ended 31 December 2007 are as follows :

	Salaries and Other Emoluments RM	Estimated value of Benefits in Kind RM	Fees RM
Executive	653,932	38,300	34,600
Non-Executive	16,000	-	26,200
	669,932	38,300	60,800

The number of Directors whose total remuneration fall within the following bands :

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	5
RM50,001 to RM100,000	3	-
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	1	-

Details of the remuneration of each Director are not disclosed due to security reasons.

h) Directors' Training

All the Directors have attended Mandatory Accreditation Programme ("MAP") prescribed by the Bursa Securities for Directors of public listed companies.

For the financial year ended 31 December 2007, the Directors had attended various seminars and/ or conferences organised by relevant regulatory authorities, trainers and/ or professional bodies on topics covering the areas such as corporate governance issues, changes to statutory requirements and regulatory guidelines, personal developments and leaderships.

The Directors will continue to attend trainings and seminars to enhance their skills and knowledge and keep them abreast with relevant developments in the business and regulatory environment on a continuous basis in compliance with Paragraph 15.09 of Listing Requirements of Bursa Securities.

DIALOGUE WITH SHAREHOLDERS OR INVESTORS

Recognising the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that they are well informed of major developments of the Company. The information is communicated to them through the issuance of Annual Report, Circular to Shareholders and announcements made to the Bursa Securities including Quarterly Results. Shareholders and other stakeholders could also obtain general information of the Company through the website of Bursa Securities and the Company.

The Company's AGM serves as a principal forum for dialogue with shareholders and investors. At each General Meetings, the Board presents the progress and performance of the Group and of the Company. The external auditors will also be invited to present and to provide their professional and independent clarification on issues and concerns raised by the shareholders whenever the needs arise. There is an informal communication between the Directors, senior management staff and the shareholders before and after the General Meetings. EGM are held as and when required.

Corporate Governance Statement

ACCOUNTABILITY AND AUDIT

a) Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's position and prospect. Thus, the Board has undertaken the responsibilities to ensure that the financial statements prepared are drawn up in accordance with the provisions of the Companies Act, 1965; and applicable Approved Accounting Standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates.

The quarterly financial results and Annual Report were reviewed by the Audit Committee and approved by the Board before releasing to the Bursa Securities.

b) Internal Control

The Board acknowledges the overall responsibilities in maintaining a sound system of internal control, covering not only financial controls but also operational and compliance controls and reviewing its effectiveness. This is vital to ensure that they are consistent with the overall Company's objectives so as to safeguard the shareholders' investment and the Group's assets.

The Group is continuously looking into the adequacy and integrity of its system of internal controls through improvement and updating of regular operational reports and management information system. The Board also undertakes on-going review of the key performance indicators and financial risk facing by the Group's business and ensuring compliance of the law and regulations.

The Statement on Internal Control provides an overview of the state of internal controls within the Group.

c) Relationship with External Auditors

The external auditors, Messrs Ernst & Young has continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. The Board has established a formal and transparent arrangement for the achievement of objectives and maintenance of professional relationship with the external auditors. The external auditors have access to the books and records of the Group at all time and highlight to the Audit Committee and Board on matters that require the Board's attention.

OTHER INFORMATION

a) Conflict of Interest

None of the Directors and/or major shareholders of Kia Lim Berhad have any personal interest in any business arrangement involving the Company. All Directors have had no convictions for any offences within the past ten (10) years.

b) Material Contracts

None of the Directors and major shareholders have any material contract with the Company and/or its subsidiaries during the financial year.

c) Sanctions and/or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

d) Share Buybacks

There were no share buybacks by the Company during the financial year.



Corporate Governance Statement

OTHER INFORMATION (cont'd)

e) Exercise of Options, Warrants or Convertible Securities

The Company has not issued any warrants or convertibles securities during the financial year.

f) Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the financial year.

g) American Depository Receipts/Global Depository Receipts

The Company did not sponsor any American Depository Receipts or Global Depository Receipts programmes during the financial year.

h) Non-Audit Fees

The amount of non-audit fees paid and payable to the external auditors by the Group for the financial year was RM25,281.

i) Profit Estimate, Forecast or Projection

The Company did not release any profit estimate, forecast or projection for the financial year. There was no variance between the results for the financial year and the unaudited results previously released by the Company.

j) Profit Guarantee

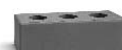
During the year, there was no profit guarantee given by the Company.

k) Contracts Relating to Loan

There were no contracts relating to a loan by the Company and its subsidiaries in respect of the preceding item.

l) Revaluation Policy

Please refer to page 39 of the Annual Report.



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the income statement and cash flows of the Company and the Group for the financial year. The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 is stated on page 29 of this Annual Report.

The Directors are of the view that, in preparing the financial statements of the Company and the Group for the year ended 31 December 2007, the Company has adopted appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have also considered that all applicable accounting standards have been followed during the preparation of audited financial statements.

The Directors are responsible for ensuring that the Company keeps adequate accounting records that disclose with reasonable accuracy the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the requirements of the Companies Act, 1965.

The Directors have ensured timely release of quarterly and annual financial results of the Company and the Group to Bursa Securities so that public and investors are informed of the Group's development.

The Directors also have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities.

CORPORATE SOCIAL RESPONSIBILITY

As a corporate entity, the Group has continued to fulfil its share of social obligations and its responsibility owes to the public.

We always strive to give back something to the neighbouring communities in which we operate. The spirit of caring and sharing has been amply demonstrated by the Management of the Group. The following are some activities that we have carried out during the year:

In early year 2007, when floods hit numerous parts of the Southern Peninsula, the Management of the Group was quick to respond by donating food, cleansing materials and others to the flood victims on 3 February 2007.

On 9 October 2007, the Management visited Pemulihan Dalam Komuniti (PDK), Sri Sulong, Batu Pahat and donated gifts to those special children with different disabilities.

Going forward, the Group will continue to help the community in the coming year by undertaking Corporate Social Responsibility programmes that will benefit the underprivileged and less fortunate people.

We also strive to maintain high standards of recruitment, development and retention of employees. We have several initiatives in the workplace. These include the followings:

- i) Environment, health and safety;
- ii) Employee communication channels;
- iii) Sports and wellness programs; and
- iv) Employee training and development.

Statement On Internal Control

Introduction

Pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements, the Board of Directors ("the Board") of Kia Lim Berhad ("the Group") is pleased to provide the following status review of the Group's state of internal control, which has been prepared in accordance with the "Statement on Internal Control : Guidance for Directors of Public Listed Companies" issued by the Bursa Securities's Task Force on Internal Control.

Board Responsibility

The Board of the Group recognises its responsibilities to maintain a sound system of internal control which includes the establishment of an appropriate control environment as well as reviewing its adequacy and integrity. The Group's system of internal controls are designed to safeguard shareholders' investment and its assets. However, in view of the inherent limitations in any system of internal controls, the system is designed to manage rather than eliminate the risk of failure to achieve its corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against misstatement or loss.

Key Elements of Internal Control

The following key elements of a system of internal control are present in the Group :

Strategic business direction and risk management

The Group's business objectives are communicated through its business plan and regular interactions between the Executive Directors with management and other employees. Throughout the financial year under review, the Board has evaluated and managed the key principal risks faced by the Group through the monitoring of the Group's operations, performance and profitability at its Board meetings. The Board supports the Guidance and, with the assistance of internal audit unit to further review and improve the existing risk management processes within the Group. These processes further sensitise all key employees and management on their responsibilities towards internal controls in managing and controlling risks.

Organisational structure and corporate culture

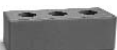
The Chief Executive Officer plays the role as the channel of communication between the Board and the management. The Chief Executive Officer, Executive Directors and senior management team are actively involved in managing the day-to-day affairs of the Group. They attend meetings, which are held at both management and operational levels to deliberate and resolve business and operational matters. The authority of the Directors is required for key treasury matters including changes to equity and loan financing, interest rates, cheque signatories, opening of the bank accounts and foreign operations.

Definition of employees' roles and responsibilities

The roles and responsibilities of key positions are clearly defined.

Reporting and review

Adequate financial and operational information systems are in place to capture pertinent internal business information. Financial and operational reports are periodically prepared and presented to management or the Board for discussion and review on a timely basis.



Statement On Internal Control

Procedures and control environment

Established control activities for day-to-day financial and operating activities are in place covering preventive controls, detective controls, corrective controls, manual controls, computer controls and management controls. These include top-level reviews of financial and operating performance, authorisations, verifications, reconciliation, physical controls over assets, segregation of duties and controls over information systems.

The Directors have ensured that safety and health regulations have been considered and complied with. Quality is always given prominence in all products manufactured. With that, the subsidiary companies have obtained ISO 9001:2000 certificate for their operational processes. Internal procedures and standard operating procedures have been properly documented and surveillance audits are conducted yearly by assessors of the ISO certificate body to ensure that the system is implemented as per ISO 9001:2000 requirement.

Audit Committee

The Audit Committee analyses the Group's current quarter and year-to-date performance compared to previous quarter, previous corresponding quarter and year-to-date and then reports to the Board. The Report of the Audit Committee is set out on page 7 to 9 of the Annual Report.

Internal audit function

The Board has outsourced its internal audit function to an independent professional service firm, in order to assist the Audit Committee in discharging their duties with regards to the adequacy and integrity of the system of internal control. The Internal Auditors will discuss areas for improvement, identified and co-develop remedial action plans with management and also monitor on the management's adoption of the External Auditors' recommendations for improvement on internal controls weaknesses noted during their annual audit, if any.

Effectiveness of Internal Control

The Directors have reviewed the adequacy, integrity and effectiveness of the systems of internal control in operation during the financial year through the monitoring process set out above. Internal control weaknesses were identified during the year under review but none have resulted in any material losses, contingencies or uncertainties that would require mention in the Group's annual report. The Board remains committed towards operating a sound system of internal control and therefore recognises that the system must continuously evolve to support the growth and dynamics of the Group.

This statement is made in accordance with a resolution of the Board dated 1 April 2008.



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Kia Lim Berhad Group for the financial year ended 31 December 2007

FINANCIAL PERFORMANCE

The Group recorded loss before taxation of RM4.2 million for the year as compared to profit before taxation of RM3.8 million last year on the back of RM49.3 million and RM50.7 million in revenue respectively.

The loss before taxation for the year was primarily due to high energy costs, revaluation deficits as a result of the valuation of certain property, plant and equipment, provision for doubtful debts and impairment loss provisions for certain investments and plant & machineries totalling RM2.0 million while the profit before taxation last year included reversals of both finance costs and provision for corporate exercise expenses of totalling about RM7.1 million as a result of the completion of the equity and debt restructuring scheme last year.

Excluding the effects of revaluation deficits and provisions this year, the Group registered a loss before taxation of RM2.2 million. This is an improvement on last year which loss before taxation would have been RM3.3 million if the effects of the reversal of finance costs and provision for corporate exercise expenses were excluded. This is in tandem with the better average selling prices of its products despite the lower sales volume.

PROSPECT

The year 2008, will be a challenging one as global economic growth is expected to slow as a result of the sub-prime mortgage problems in the United States, which is amplified by the rising crude oil prices as well as building material prices, such as steel and cement.

On the domestic front, the recent 'political tsunami' is believed to bring temporary uncertainties to the Malaysian economy with foreign direct investment adopting a wait-and-see attitude. However, the general Malaysian economic outlook is expected to remain resilient in view of firm labour market conditions and high commodity prices. Underlying private business and investment activities is expected to continue to expand together with the implementation of the economic development corridors, such as the Iskandar Development Region, Northern Corridor Economic Region and the East Coast Economic Region. These are expected to provide vast opportunities for Malaysia's construction sector in the medium to long term. This will be further accelerated by other ongoing pump priming programmes, such as relaxation on foreign purchasers of properties and the waiver of real property gains tax.

All the above augur well to attract higher demand for the Group's various products, ranging from common bricks, EconBlock, pavers, facing bricks, roofing tiles, etc. Going forward, the Group will also continue to pursue enhancement in productivity, explore new export markets and increase market share locally.

On the basis of the above, the Board is cautiously optimistic in the Group's performance for the current financial year.

Chairman's Statement

DIVIDENDS

The Board does not recommend any dividends for the financial year ended 31 December 2007.

APPRECIATION

On behalf of the Board of Directors, I wish to express my sincere gratitude to the Government authorities, financial institutions, customers, suppliers, business associates, advisers and all other stakeholders for their understanding and invaluable support in facing the challenging times. I would like to extend my appreciation to the management and our employees for their perseverance in these challenging times. To the shareholders, we thank you for your unwavering loyalty and wholehearted support; and we look forward to your continuing support. My gratitude also goes out to my fellow Board members for their inspired counsel and time throughout the year.

Thank you.

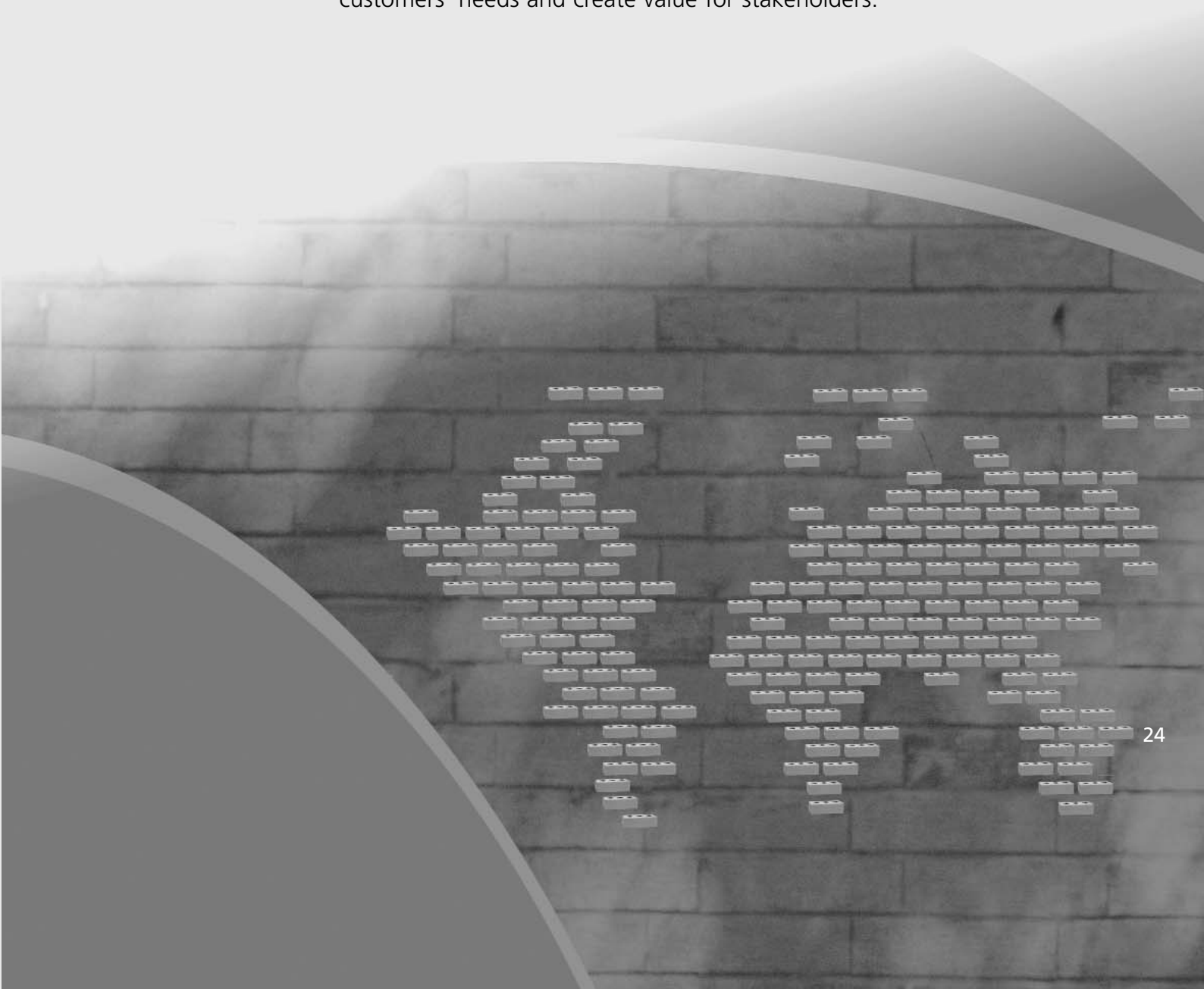
Datuk Ng Eng Sos @ Bah Chik
(DMSM., DSM., KMN., PPN., PIS.)
Chairman

Vision

To be a leading clay brick manufacturer in Southeast Asia with a strong brand name and strong regional market penetration.

Mission

To provide a comprehensive range of quality products to meet customers' needs and create value for stakeholders.



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 December 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associate are as disclosed under Notes 11 and 12 to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss for the year	(1,328,647)	(810,539)
Attributable to:		
Equity holders of the Company	(1,328,647)	(810,539)

There were no material transfers to or from reserves or provisions during the financial year. In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

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:

Datuk Ng Eng Sos @ Bah Chik
 Y.B. Datuk Ariss Bin Samsudin
 Datuk Ng Yeng Keng @ Ng Ka Hiat
 Tan See Chip
 Ng Yam Puan @ Ng Ah Bah
 Mohd Salleh Bin Jantan
 Loh Chee Kan
 Chua Syer Cin
 Ng Chin Kang
 Y.B. Koh Chai @ Koh Chee Chai

DIRECTORS' BENEFITS

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 the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

Directors' Report

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and in warrants in the Company and its related corporations during the financial year were as follows :

The Company	Number of ordinary shares of RM1 each			
	1 January 2007	Bought	Sold	31 December 2007
Direct interest				
Datuk Ng Eng Sos @ Bah Chik	528,590	-	-	528,590
Datuk Ng Yeng Keng @ Ng Ka Hiatt	570,055	1,087,702	179,502	1,478,255
Tan See Chip	799,935	-	-	799,935
Ng Yam Puan @ Ng Ah Bah	309,499	-	-	309,499
Mohd Salleh Bin Jantan	1,636,316	-	-	1,636,316
Y.B. Datuk Ariss Bin Samsudin	303,000	-	-	303,000
Indirect interest *				
Datuk Ng Eng Sos @ Bah Chik	24,300	-	-	24,300
Datuk Ng Yeng Keng @ Ng Ka Hiatt	68,998	-	-	68,998
Tan See Chip	41,100	-	-	41,100
Deemed interest				
Datuk Ng Eng Sos @ Bah Chik	25,290,420	-	-	25,290,420
Datuk Ng Yeng Keng @ Ng Ka Hiatt	25,290,420	-	-	25,290,420
Ng Chin Kang	11,428,254	-	-	11,428,254
Tan See Chip	17,000	-	-	17,000
Number of warrants				
The Company	1 January 2007	Bought	Sold	31 December 2007
Deemed interest				
Datuk Ng Eng Sos @ Bah Chik	4,084,427	-	80,000	4,004,427
Datuk Ng Yeng Keng @ Ng Ka Hiatt	4,084,427	-	80,000	4,004,427
Ng Chin Kang	870,534	-	80,000	790,534

* Indirect interest represents the interest of spouse and child of the director of the Company in the shares or debentures of the Company under Section 134(12)(c) of the Companies (Amendment) Act 2007.

Datuk Ng Eng Sos @ Bah Chik, Datuk Ng Yeng Keng @ Ng Ka Hiatt, Ng Chin Kang and Tan See Chip, by virtue of their interest in the Company, are deemed interested in the shares of the subsidiary companies to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

WARRANTS

The Warrants 2006/2016 of 4,122,527 are constituted by a Deed Poll dated 28 November 2005. The Warrants were listed on Bursa Malaysia Securities Berhad on 15 February 2006. The main features of the Warrants are as follows:

- Each Warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price, subject to adjustment in accordance with the provision of the Deed Poll.
- The exercise price of each Warrant has been fixed at RM1.00, subject to adjustments under certain circumstances in accordance with the provision of the Deed Poll.

Directors' Report

WARRANTS (cont'd)

- (c) The expiry date of Warrants shall be the day falling on the tenth (10th) anniversary of the date of issue of the warrants, whereupon any Warrant which has not been exercised will lapse and cease thereafter to be valid for any purpose.
- (d) The new ordinary shares of RM1.00 each to be issued pursuant to the exercise of the Warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the record date of which is on or before the date of allotment and issue of the new ordinary shares of the Company pursuant to the exercise of the warrants.

For the purpose hereof, record date means the date as at the close of business on which the shareholders must be registered as members of the Company in order to participate in any dividends, rights, allotments or any other distributions.

REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS

On 28 April 2006, the Company issued RM15,716,000 of 10-year Redeemable Convertible Secured Loan Stocks ("RCSLS") 2006/2016 at a nominal amount of RM1.00 each pursuant to the Debt Restructuring Scheme ("DRS") taken by its subsidiary companies with their Lenders.

The terms of the RCSLS are disclosed in Note 19 to the financial statements.

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 provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributable 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.
- (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; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Directors' Report

(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.

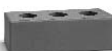
AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 April 2008.

DATUK NG ENG SOS @ BAH CHIK

DATUK NG YENG KENG @ NG KA HIAT



Statement By Directors

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

We, DATUK NG ENG SOS @ BAH CHIK and DATUK NG YENG KENG @ NG KA HIAT, being two of the directors of KIA LIM BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 31 to 63 are 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 the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 April 2008.

DATUK NG ENG SOS @ BAH CHIK

DATUK NG YENG KENG @ NG KA HIAT

Statutory Declaration

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

I, DATUK NG ENG SOS @ BAH CHIK, being the director primarily responsible for the financial management of KIA LIM BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 63 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 DATUK NG ENG SOS @)
BAH CHIK at Batu Pahat in the State of)
Johor Darul Ta'zim on 1 April 2008) DATUK NG ENG SOS @ BAH CHIK

Before me,

Ng Swee Chiang
No. J004
Commissioner for Oaths

Batu Pahat, Malaysia

1 April 2008

Report Of The Auditors

To The Members Of Kia Lim Berhad

We have audited the accompanying financial statements set out on pages 31 to 63. 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 December 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.

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 material to the consolidated financial statements and did not include any comment required to be made under Section 174 (3) of the Act.

ERNST & YOUNG
AF : 0039
Chartered Accountants

LEE AH TOO
2187/09/09 (J)
Partner

Johor Bahru
1 April 2008

Income Statements

For the year ended 31 December 2007

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Revenue	3	49,347,160	50,746,561	-	-
Cost of sales		(39,338,176)	(39,887,140)	-	-
Gross profit		10,008,984	10,859,421	-	-
Other income		1,396,760	992,142	674,032	435,601
Administrative expenses		(4,889,992)	(4,279,968)	(851,737)	(11,201,266)
Selling and distribution expenses		(7,525,737)	(7,740,742)	-	-
Operating loss		(1,009,985)	(169,147)	(177,705)	(10,765,665)
Finance costs	4	(3,178,970)	3,948,729	(632,834)	(437,701)
Share of loss of associate		(8,605)	(428)	-	-
(Loss)/Profit before tax	5	(4,197,560)	3,779,154	(810,539)	(11,203,366)
Income tax	8	2,868,913	-	-	-
(Loss)/Profit for the year		(1,328,647)	3,779,154	(810,539)	(11,203,366)
Attributable to:					
Equity holders of the Company		(1,328,647)	3,779,154	(810,539)	(11,203,366)
(Loss)/Earnings per share attributable to equity holders of the Company (sen):					
Basic and diluted, for (loss)/profit for the year	9	(2.1)	6.3		

Balance Sheets

As at 31 December 2007

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	96,751,221	75,821,290	750,718	1,302,178
Investment in subsidiaries	11	-	-	13,592,891	13,592,891
Investment in associate	12	88,771	97,376	-	-
Other investments	13	136,641	216,847	-	-
Other receivables	14	-	-	38,691,924	38,691,924
		96,976,633	76,135,513	53,035,533	53,586,993
Current assets					
Inventories	15	11,646,570	11,532,962	-	-
Trade and other receivables	14	12,486,552	12,857,215	8,022,754	8,435,209
Cash and bank balances	16	5,500	7,117	1,541	527
		24,138,622	24,397,294	8,024,295	8,435,736
Non-current assets classified as held for sale	17	-	324,089	-	-
		24,138,622	24,721,383	8,024,295	8,435,736
TOTAL ASSETS		121,115,255	100,856,896	61,059,828	62,022,729
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	22	61,937,451	61,937,451	61,937,451	61,937,451
Share premium	22	7,283,230	7,283,230	7,283,230	7,283,230
Revaluation reserve	23	22,417,530	-	-	-
Accumulated losses		(39,950,305)	(38,621,658)	(24,272,962)	(23,462,423)
Total equity		51,687,906	30,599,023	44,947,719	45,758,258
Non-current liabilities					
Borrowings	18	29,604,035	30,954,025	15,716,000	15,716,000
Current liabilities					
Trade and other payables	21	21,690,658	22,284,058	396,109	362,359
Current tax payable		201,819	357,819	-	-
Borrowings	18	17,930,837	16,661,971	-	186,112
		39,823,314	39,303,848	396,109	548,471
Total liabilities		69,427,349	70,257,873	16,112,109	16,264,471
TOTAL EQUITY AND LIABILITIES		121,115,255	100,856,896	61,059,828	62,022,729

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

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2007

	Share Capital RM (Note 22)	Share Premium RM (Note 22)	Revaluation Reserve RM (Note 23)	Accumulated Losses RM	Total RM
At 1 January 2006	44,579,000	7,283,230	-	(42,400,812)	9,461,418
Profit for the year, representing total recognised income for the year	-	-	-	3,779,154	3,779,154
Issue of ordinary shares:					
Pursuant to Rights Issue with Warrants	4,122,527	-	-	-	4,122,527
Pursuant to Debt Restructuring Scheme	13,235,924	-	-	-	13,235,924
At 31 December 2006	61,937,451	7,283,230	-	(38,621,658)	30,599,023
Revaluation surplus, representing total income recognised directly in equity	-	-	22,417,530	-	22,417,530
Loss for the year	-	-	-	(1,328,647)	(1,328,647)
Total recognised income and expense for the year	-	-	22,417,530	(1,328,647)	21,088,883
At 31 December 2007	61,937,451	7,283,230	22,417,530	(39,950,305)	51,687,906

Company Statement Of Changes In Equity

For the year ended 31 December 2007

	Share Capital RM (Note 22)	Share Premium RM (Note 22)	Accumulated Losses RM	Total RM
At 1 January 2006	44,579,000	7,283,230	(12,259,057)	39,603,173
Loss for the year, representing total recognised expense for the year	-	-	(11,203,366)	(11,203,366)
Issue of ordinary shares:				
Pursuant to Rights				
Issue with Warrants	4,122,527	-	-	4,122,527
Pursuant to Debt Restructuring Scheme	13,235,924	-	-	13,235,924
At 31 December 2006	61,937,451	7,283,230	(23,462,423)	45,758,258
Loss for the year, representing total recognised expense for the year	-	-	(810,539)	(810,539)
At 31 December 2007	61,937,451	7,283,230	(24,272,962)	44,947,719



Cash Flows Statements

For the year ended 31 December 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	(4,197,560)	3,779,154	(810,539)	(11,203,366)
Adjustments for :				
Interest income	-	(11,256)	(629,640)	(435,601)
Bad debts recovered	(40,491)	(5,006)	-	-
Dividend income	-	(7)	-	-
Interest expenses	3,178,970	3,462,997	632,834	437,701
Impairment of other investments	80,206	117,417	-	-
Impairment of investment in subsidiary	-	-	-	10,000,000
Depreciation of property, plant and equipment	6,487,159	6,541,710	30,394	30,987
Gain on disposal of property, plant and equipment	(3,992)	(73,078)	-	-
Provision for doubtful debts	347,766	-	-	-
Provision for diminution in value property, plant and equipment	646,396	-	-	-
Loss on disposal of investment properties	54,867	-	-	-
Revaluation deficit	945,213	-	521,066	-
Unrealised foreign exchange loss/(gain)	45,970	(69,327)	-	-
Share of loss of associate	8,605	428	-	-
Waiver of loan interest	-	(7,411,726)	-	-
Operating profit/(loss) before working capital changes	7,553,109	6,331,306	(255,885)	(1,170,279)
Inventories	(113,609)	1,188,992	-	-
Receivables	41,437	(678,033)	9,550	643,191
Payables	(617,418)	(574,649)	33,750	(282,831)
Cash generated from/(used in) operations	6,863,519	6,267,616	(212,585)	(809,919)
Interest received	-	11,256	629,640	435,601
Interest paid	(3,178,970)	(3,462,997)	(632,834)	(437,701)
Tax paid	(156,000)	(143,003)	-	-
Net cash generated from/(used in) operating activities	3,528,549	2,672,872	(215,779)	(812,019)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(3,537,257)	(2,711,999)	-	-
Proceeds from disposal of property, plant and equipment	3,992	76,127	-	-
Repayment from/(Advance to) subsidiary companies	-	-	402,905	(27,261,255)
Additional investment in a subsidiary	-	-	-	(5,000,000)
Proceeds from disposal of investment properties	269,222	-	-	-
Net dividend received	-	5	-	-
Net cash (used in)/generated from investing activities	(3,264,043)	(2,635,867)	402,905	(32,261,255)

Cash Flows Statements

For the year ended 31 December 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of ordinary share capital	-	17,358,451	-	17,358,451
Proceeds from issuance of Redeemable Convertible Secured Loan Stocks	-	15,716,000	-	15,716,000
Repayment of term loan	(758,878)	(32,750,072)	(87,772)	(106,484)
Repayment of hire purchase liabilities	(178,555)	(168,860)	-	-
(Repayment of)/Proceeds from bankers' acceptances	(752,000)	485,000	-	-
Proceeds from/(Repayment of) trust receipts	555,998	(119)	-	-
Net cash (used in)/generated from financing activities	(1,133,435)	640,400	(87,772)	32,967,967
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(868,929)	677,405	99,354	(105,307)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(5,017,271)	(5,694,676)	(97,813)	7,494
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 16)	(5,886,200)	(5,017,271)	1,541	(97,813)

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

Notes To The Financial Statements

31 December 2007

1. CORPORATE INFORMATION

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 Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor Darul Ta'zim. The principal place of business of the Company is located at Batu 1 1/4, Jalan Kangkar Senangar, 83500 Parit Sulong, Batu Pahat, Johor Darul Ta'zim.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associate are as disclosed in Notes 11 and 12. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 1 April 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basic of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for freehold land and buildings included within property, plant and equipment that have been measured at their fair values.

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.

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 profit or loss.

(ii) Basic 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.

Notes To The Financial Statements

31 December 2007

2.2 Summary of Significant Accounting Policies (cont'd)

(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 profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

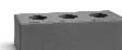
In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Property, Plant and Equipment and Depreciation

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 except for freehold land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.



Notes To The Financial Statements

31 December 2007

2.2 Summary of Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment and Depreciation (cont'd)

Freehold land and buildings are stated at revalued amounts, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land has an unlimited useful life and therefore is not depreciated. Work in progress is also not depreciated. Depreciation of other 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 the estimated useful life, at the following annual rates :

Buildings	10 - 50 years
Plant and machinery	5 - 25 years
Motor vehicles	5 years
Other assets	5 - 10 years

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 profit or loss.

(d) Impairment of Non-Financial Assets

The carrying amounts of assets, other than inventories 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.

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 profit or loss in the period in which it arises.

Notes To The Financial Statements

31 December 2007

2.2 Summary of Significant Accounting Policies (cont'd)

(d) Impairment of Non-Financial Assets (cont'd)

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of 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 amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value.

The costs of raw materials and indirect materials comprise cost of purchase and incidentals in bringing the inventories into store. Cost of raw materials is determined on the weighted average basis whereas the cost of indirect materials is determined using the first in, first out method. The Group adopts a constant write off rate of 3% per annum on the total cost of clay inventory.

The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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.

(f) 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, 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 Group 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 statements, cash and cash equivalents include cash on hand and at bank, net of outstanding bank overdrafts.

(ii) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associate are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit and loss.

(iii) 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 the balance sheet date.

(iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

Notes To The Financial Statements

31 December 2007

2.2 Summary of Significant Accounting Policies (cont'd)

(f) Financial Instruments (cont'd)

(v) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which the obligation to pay is established.

(g) Hire Purchase and Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, 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 lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease 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 leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2.2(c).

(h) 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Notes To The Financial Statements

31 December 2007

2.2 Summary of Significant Accounting Policies (cont'd)

(i) 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 Group 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 profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(j) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at 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.

(k) Foreign Currencies

(i) Functional and Presentation Currency

The financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(l) Revenue Recognition

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

Notes To The Financial Statements

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2.2 Summary of Significant Accounting Policies (cont'd)

(l) Revenue Recognition (cont'd)

- (i) Sale of goods
Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.
- (ii) Interest income
Interest is recognised on a time proportion basis that reflects the effective yield on the asset.
- (iii) Dividend income
Dividend income is recognised when the right to receive payment is established.
- (iv) Rental income
Rental income is recognised on accrual basis.

(m) Non-current Assets Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets are measured in accordance with FRS 5, that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

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

On 1 January 2007, the Group adopted the following new and revised Financial Reporting Standards ("FRS") which are mandatory for financial periods beginning on or after 1 January 2007 :

- (i) FRS 6 - Exploration for and Evaluation of Mineral Resources
- (ii) FRS 117 - Leases
- (iii) FRS 124 - Related Party Disclosures
- (iv) Amendment to FRS 119²⁰⁰⁴ - Employee Benefits - Actuarial gains and losses, group plans and disclosures.

FRS 6 and FRS 117 are not relevant to the Group's operations.

The adoption of FRS 124 and Amendment to FRS 119²⁰⁰⁴ does not have any significant financial impact on the financial statements of the Group and of the Company for both the current and prior financial year.

2.4 Standards and Interpretations Issued but Not Yet Effective

The Group has not early adopted the following new and revised FRSs, Amendments to FRS and Interpretations which become or are expected to become mandatory for the future financial periods :

FRS, Amendment to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007

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2.4 Standards and Interpretations Issued but Not Yet Effective (cont'd)

FRS, Amendment to FRS and Interpretations (cont'd)	Effective for financial periods beginning on or after
FRS 118: Revenue	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 126: Accounting Reporting in Hyperinflationary Economies	1 July 2007
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
Amendments to FRS 134: Interim Financial Reporting	1 July 2007
Amendments to FRS 137: Provision, Contingent Liabilities and Contingent Assets	1 July 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The above FRS, Amendments to FRS and Interpretations are not expected to have any significant impact on the financial statements of the Group and of the Company upon their initial application.

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.

The quantity and the value of the clay inventory were derived based on the accounting records for the quantities purchased and quantities consumed for the financial period. In view of the clay loss due to the storage and weather conditions, significant management judgement is required to determine the adequate write off rate adopted by the Group. The Group has adopted a constant write off rate of 3% per annum on the total cost of clay inventory. As at the balance sheet date, a comparison was made between the physical quantity based on estimates and the book quantity. The results of the measurement approximate the write off rate of 3%. As such, the directors are of the opinion that the estimated write off rate is reasonable. The total carrying value of clay inventory of the Group was RM2,171,206 (2006 : RM2,753,823).

3. REVENUE

Revenue of the Group represents invoiced value of goods sold less returns and trade discounts. Intra-group transactions are excluded from the Group's revenue.

4. FINANCE COSTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Bank interest	1,046,166	934,102	-	-
Hire purchase interest	28,944	29,285	-	-
Loan interest and charges	2,103,860	2,499,610	632,834	437,701
Waiver of loan interest	-	(7,411,726)	-	-
	3,178,970	(3,948,729)	632,834	437,701

Notes To The Financial Statements

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5. (LOSS)/PROFIT BEFORE TAX

The following amounts have been included in arriving at (loss)/profit before tax :

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
This is arrived at after charging/(crediting) :				
Employee benefits expense (Note 6)	5,649,288	5,822,756	66,000	57,750
Non-executive directors' remuneration (Note 7)	42,200	34,850	41,000	32,750
Auditors' remuneration				
- Statutory audit	52,000	47,000	9,000	7,000
- Other services	25,281	20,130	7,869	4,556
Depreciation of property, plant and equipment (Note 10)	6,487,159	6,541,710	30,394	30,987
Gain on disposal of property, plant and equipment	(3,992)	(73,078)	-	-
Loss on disposal of investment properties	54,867	-	-	-
Provision for diminution in value of property, plant and equipment	646,396	-	-	-
Revaluation deficit	945,213	-	521,066	-
Provision for doubtful debts	347,766	-	-	-
Bad debts recovered	(40,491)	(5,006)	-	-
Impairment of other investments	80,206	117,417	-	-
Impairment of investment in subsidiary	-	-	-	10,000,000
Rental of premises	140,200	197,181	-	-
Interest income	-	(11,256)	(629,640)	(435,601)
Interest expenses	3,178,970	3,462,997	632,834	437,701
Gross dividend income				
- shares quoted in Malaysia	-	(7)	-	-
Vehicle rental income	(499,023)	(633,553)	-	-
Rental income	(44,392)	-	(44,392)	-
Foreign exchange (gain)/loss				
- realised	(143,803)	(19,622)	-	-
- unrealised	45,970	(69,327)	-	-
Waiver of loan interest	-	(7,411,726)	-	-

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Wages and salaries	5,095,357	5,296,450	66,000	57,750
Employees' provident fund	493,315	461,900	-	-
Social security cost	60,616	64,406	-	-
	5,649,288	5,822,756	66,000	57,750

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM687,532 (2006: RM685,416) and RM25,000 (2006: RM25,000) as further disclosed in Note 7.

Notes To The Financial Statements

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7. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive directors' remuneration				
Fees	34,600	47,400	25,000	25,000
Other emoluments	652,932	638,016	-	-
	687,532	685,416	25,000	25,000
Non-executive directors' remuneration				
Fees	26,200	25,850	25,000	23,750
Other emoluments	16,000	9,000	16,000	9,000
	42,200	34,850	41,000	32,750
Total directors' remuneration	729,732	720,266	66,000	57,750
Estimated money value of benefits-in-kind	38,300	34,400	-	-
Total directors' remuneration including benefits-in-kind	768,032	754,666	66,000	57,750

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

	Number of Directors	
	2007	2006
Executive directors:		
RM50,001 - RM100,000	3	3
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	1	1
Non-executive directors:		
<RM50,000	5	5

8. INCOME TAX

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deferred tax (Note 24)				
Relating to origination and reversal of temporary differences	(2,868,913)	-	-	-
Total income tax expense	(2,868,913)	-	-	-

Domestic income tax is calculated at the Malaysian statutory rate of 27% (2006 : 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% effective year of assessment 2009. The computation of deferred tax as at 31 December 2007 has reflected these changes.

Notes To The Financial Statements

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8. INCOME TAX (cont'd)

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
(Loss)/Profit before taxation	(4,197,560)	3,779,154	(810,539)	(11,203,366)
Taxation at Malaysian statutory tax rate of 27% (2006 : 28%)	(1,133,341)	1,058,163	(218,846)	(3,136,942)
Effect of reduction in tax rate	127,225	-	-	-
Deferred tax recognised at different tax rate	102,288	-	-	-
Expenses not deductible for tax purposes	498,671	529,868	218,846	3,136,942
Utilisation of previously unrecognised unabsorbed capital allowances	(1,500,539)	(1,588,031)	-	-
Deferred tax assets recognised in respect of unabsorbed capital allowances and tax losses	(1,170,877)	-	-	-
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances and tax losses	207,660	-	-	-
Income tax expense for the year	(2,868,913)	-	-	-

9. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share amount is calculated by dividing (loss)/profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2007 RM	2006 RM
(Loss)/Profit attributable to ordinary equity holders of the Company	(1,328,647)	3,779,154
Weighted average number of ordinary shares in issue	61,937,451	59,797,368
	2007 Sen	2006 Sen
Basic (loss)/earnings per share	(2.1)	6.3

(b) Diluted

As the conversions of all potential ordinary shares from warrants are not dilutive, the diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share.

Notes To The Financial Statements

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10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Other assets RM	Total RM
At 31 December 2007					
Cost or Valuation					
At 1 January 2007	20,910,502	123,197,105	7,323,909	2,748,498	154,180,014
Additions	354,831	1,731,356	238,795	1,397,277	3,722,259
Disposals	-	(69,475)	-	-	(69,475)
Revaluation surplus	24,341,227	-	-	-	24,341,227
Elimination of accumulated depreciation on revaluation	(3,739,854)	-	-	-	(3,739,854)
At 31 December 2007	41,866,706	124,858,986	7,562,704	4,145,775	178,434,171
Representing:					
At cost	816,706	124,858,986	7,562,704	4,145,775	137,384,171
At valuation	41,050,000	-	-	-	41,050,000
At 31 December 2007	41,866,706	124,858,986	7,562,704	4,145,775	178,434,171
Accumulated Depreciation and Impairment					
At 1 January 2007	4,204,791	65,978,074	6,216,028	1,959,831	78,358,724
Depreciation charge for the year (Note 5)	342,730	5,806,352	249,162	88,915	6,487,159
Disposals	-	(69,475)	-	-	(69,475)
Provision for diminution in value	-	646,396	-	-	646,396
Elimination of accumulated depreciation on revaluation	(3,739,854)	-	-	-	(3,739,854)
At 31 December 2007	807,667	72,361,347	6,465,190	2,048,746	81,682,950
Net Carrying Amount					
At cost	9,039	52,497,639	1,097,514	2,097,029	55,701,221
At valuation	41,050,000	-	-	-	41,050,000
At 31 December 2007	41,059,039	52,497,639	1,097,514	2,097,029	96,751,221
At 31 December 2006					
Cost					
At 1 January 2006	20,804,977	121,411,487	7,047,152	2,703,521	151,967,137
Additions	290,868	2,215,239	475,992	48,600	3,030,699
Disposals	(185,343)	(429,621)	(199,235)	(3,623)	(817,822)
At 31 December 2006	20,910,502	123,197,105	7,323,909	2,748,498	154,180,014

Notes To The Financial Statements

31 December 2007

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Other assets RM	Total RM
At 31 December 2006 (cont'd)					
Accumulated Depreciation and Impairment					
At 1 January 2006	4,035,726	60,538,839	6,187,248	1,869,974	72,631,787
Depreciation charge for the year (Note 5)	354,408	5,868,856	228,015	90,431	6,541,710
Disposals	(185,343)	(429,621)	(199,235)	(574)	(814,773)
At 31 December 2006	4,204,791	65,978,074	6,216,028	1,959,831	78,358,724
Net Carrying Amount	16,705,711	57,219,031	1,107,881	788,667	75,821,290

Company	Freehold land and buildings RM	Other assets RM	Total RM
At 31 December 2007			
Cost or Valuation			
At 1 January 2007	1,513,102	10,287	1,523,389
Revaluation deficit	(521,066)	-	(521,066)
Elimination of accumulated depreciation on revaluation	(242,036)	-	(242,036)
At 31 December 2007	750,000	10,287	760,287
Accumulated Depreciation			
At 1 January 2007	211,774	9,437	221,211
Depreciation charge for the year (Note 5)	30,262	132	30,394
Elimination of accumulated depreciation on revaluation	(242,036)	-	(242,036)
At 31 December 2007	-	9,569	9,569
Net Carrying Amount	750,000	718	750,718
At 31 December 2006			
Cost			
At 1 January 2006/31 December 2006	1,513,102	10,287	1,523,389
Accumulated Depreciation			
At 1 January 2006	181,512	8,712	190,224
Depreciation charge for the year (Note 5)	30,262	725	30,987
At 31 December 2006	211,774	9,437	221,211
Net Carrying Amount	1,301,328	850	1,302,178

Notes To The Financial Statements

31 December 2007

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Freehold land and buildings of the Group and of the Company were revalued on 31 December 2007, by Colliers Jordan Lee & Jaafar (JH) Sdn Bhd, an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis.

At 31 December 2007, had the revalued freehold land and buildings of the Group been carried under the cost model, the carrying amount would have been RM16,717,812.

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM3,722,259 (2006 : RM3,030,699) of which RM185,000 (2006 : RM318,700) was financed by hire purchase.

As at the balance sheet date, the net carrying amount of motor vehicles held under hire purchase amounted to RM826,775 (2006: RM706,608).

Certain property, plant and equipment of the Group with net carrying amount of RM95,390,228 (2006 : RM66,957,981), have been pledged as security for borrowings as disclosed in Note 18 and Note 19.

Other assets of the Group include capital work-in-progress which comprise of expenditures incurred for labour quarters amounting to RM49,200 (2006 : RM49,200) and machinery under construction amounting to RM1,243,500 (2006: Nil).

The cost of property, plant and equipment of the Group and of the Company which are fully depreciated but still in use amounted to RM30,566,931 (2006 : RM26,629,770) and RM9,197 (2006 : RM8,798) respectively.

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2007 RM	2006 RM
Unquoted shares at cost	34,616,709	34,616,709
Less : Accumulated impairment losses	(21,023,818)	(21,023,818)
	13,592,891	13,592,891

Details of the subsidiaries are as follows :

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2007	2006
Kangkar Raya Batu Bata Sdn. Bhd.	Malaysia	Manufacturing of bricks and roofing tiles	100%	100%
Syarikat Kia Lim Kilang Batu Bata Sdn. Bhd.	Malaysia	Manufacturing of bricks	100%	100%

The above subsidiaries are audited by Ernst & Young.

12. INVESTMENT IN ASSOCIATE

	Group	
	2007 RM	2006 RM
Unquoted shares at cost	54,000	54,000
Share of post-acquisition reserves	34,771	43,376
	88,771	97,376

Notes To The Financial Statements

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12. INVESTMENT IN ASSOCIATE (cont'd)

	Group	
	2007 RM	2006 RM
The Group's interest in associate is as follows :		
Share of net assets of associate	84,067	92,672
Goodwill on acquisition	4,704	4,704
	88,771	97,376

Details of the associate are as follows :

Name of Associate	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2007	2006
Sersen Tiles Sdn. Bhd.	Malaysia	Property owner	27%	27%

13. OTHER INVESTMENTS

	Group	
	2007 RM	2006 RM
Quoted shares in Malaysia, at cost	761,833	761,833
Quoted warrants in Malaysia, at cost	65	65
	761,898	761,898
Less : Accumulated impairment losses	(625,257)	(545,051)
	136,641	216,847
Market value of quoted shares	136,641	216,844
Market value of quoted warrants	-	3

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current				
Trade receivables				
Third parties	10,586,786	12,127,298	-	-
Related parties	2,324,384	986,805	-	-
	12,911,170	13,114,103	-	-
Less: Provision for doubtful debts				
Third parties	(237,116)	(172,790)	-	-
Related parties	(754,252)	(511,303)	-	-
	(991,368)	(684,093)	-	-
Trade receivables, net	11,919,802	12,430,010	-	-

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14. TRADE AND OTHER RECEIVABLES (cont'd)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables				
Subsidiaries	-	-	8,005,325	8,408,230
Related parties	44,421	40,261	-	-
	44,421	40,261	8,005,325	8,408,230
Deposits	71,000	71,320	15,130	23,130
Prepayments	121,470	138,824	-	-
Other receivables	384,195	231,136	2,299	3,849
	621,086	481,541	8,022,754	8,435,209
Less : Provision for doubtful debts Third parties	(54,336)	(54,336)	-	-
	566,750	427,205	8,022,754	8,435,209
	12,486,552	12,857,215	8,022,754	8,435,209
Non-current Other receivables				
Amount due from subsidiaries	-	-	38,691,924	38,691,924

(a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Other credit terms are assessed and approved on a case-by-case basis. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

(b) Amount due from related parties and subsidiaries

Amounts due from all related parties and subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

(c) Other receivables - non-current

Included in amount due from subsidiaries is a loan amounting to RM15,716,000 which bears interest at 4% per annum.

Further details on related party transactions are disclosed in Note 28.

Other information on financial risks of other payables are disclosed in Note 29.

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15. INVENTORIES

	Group	
	2007 RM	2006 RM
At cost		
Raw materials	2,171,206	2,753,823
Indirect materials	4,319,365	3,178,790
Work-in-progress	273,241	280,116
Finished products	4,882,758	5,320,233
	11,646,570	11,532,962

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances	5,500	7,117	1,541	527
Bank overdrafts (Note 18)	(5,891,700)	(5,024,388)	-	(98,340)
	(5,886,200)	(5,017,271)	1,541	(97,813)

17. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2007 RM	2006 RM
At cost		
Investment properties: At 1 January/31 December	-	324,089

18. BORROWINGS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Short term borrowings				
Secured :				
Bank overdrafts (Note 16)	5,891,700	5,024,388	-	98,340
Bankers' acceptances	8,262,000	9,014,000	-	-
Trust receipt	973,139	417,141	-	-
Term loans	2,632,070	2,038,166	-	87,772
Hire purchase payables (Note 20)	171,928	168,276	-	-
	17,930,837	16,661,971	-	186,112
Long term borrowings				
Secured :				
Term loans	13,646,832	14,999,614	-	-
Redeemable convertible secured loan stocks	15,716,000	15,716,000	15,716,000	15,716,000
Hire purchase payables (Note 20)	241,203	238,411	-	-
	29,604,035	30,954,025	15,716,000	15,716,000

Notes To The Financial Statements

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18. BORROWINGS (cont'd)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Total Borrowings				
Bank overdrafts (Note 16)	5,891,700	5,024,388	-	98,340
Bankers' acceptances	8,262,000	9,014,000	-	-
Trust receipt	973,139	417,141	-	-
Term loans	16,278,902	17,037,780	-	87,772
Redeemable convertible secured loan stocks (Note 19)	15,716,000	15,716,000	15,716,000	15,716,000
Hire purchase payables (Note 20)	413,131	406,687	-	-
	47,534,872	47,615,996	15,716,000	15,902,112

The borrowings are secured by way of corporate guarantees from the Company, a fixed charge on certain property, plant and equipment of the Group as disclosed in Note 10.

Other information on financial risks of borrowings are disclosed in Note 29.

19. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS

On 28 April 2006, the Company issued 15,716,000 units of 10-year Redeemable Convertible Secured Loan Stocks ("RCSLS") 2006/2016 at a nominal value of RM1.00 each pursuant to a DRS exercise undertaken by its subsidiary companies with their Lenders. The terms of the RCSLS are as follows:

- (a) Conversion Rights - The registered holders of the RCSLS will have the rights to convert such nominal value of RCSLS at the conversion price, into new ordinary shares in the Company during the conversion period.
- (b) Conversion Rate - The conversion price is set at the par value of the Company's shares of RM1.00 each on the basis of one (1) share for every RM1.00 nominal value of the RCSLS.
- (c) Conversion Period - The RCSLS may be converted, based on the maximum amount as stated below, by the RCSLS holders into new ordinary shares in the Company at the conversion price, two (2) years after the date of issue of the RCSLS up to the maturity date or the date of declaration of an Event of Default, whichever is earlier.

The maximum amount of RCSLS convertible in any given month during the conversion period shall be as follows:

- (1) the Lenders shall only be entitled to convert in each of the first 4 years of the conversion period:-
 - (a) up to one-quarter (1/4) of the total amount of the RCSLS issued to the Lenders; and
 - (b) the aggregate of the RCSLS that the Lenders had become entitled to convert in the preceding conversion period which have not been actually converted by the lenders; and
- (2) there are no restriction on the rights of the Lenders to convert any amount of the RCSLS upon the expiry of 4 years into the conversion period.

Notes To The Financial Statements

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19. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (cont'd)

- (d) Coupon Rate - Coupon rate of four per cent (4%) per annum due shall be payable on the last day of every six (6) month period (subject to adjustment for non-business days) commencing on and calculated from the date of issue of the RCSLS.
- (e) Status of Shares Upon Conversion - The new shares in the Company of up to 15,716,000 to be issued on conversion of the RCSLS shall rank pari passu in all respects with the then existing shares in issue of the Company that they shall not be entitled to any rights, dividends, allotment and/or other distributions, the entitlement date for which, is on or before the date of issue of the new shares arising from the conversion of the RCSLS.
- (f) Early Redemption - Redemption of the RCSLS prior to the maturity date is allowed at the option of the Company, in whole or in part, at any time commencing from and including the date of issue of the RCSLS subject to 14 days notice given, if the cash flows of the Group allows for it.
- (g) Final Redemption - Unless previously redeemed or purchased or converted and cancelled, the RCSLS will be redeemed at 100% of the nominal value of the RCSLS, at maturity.
- (h) Security - The RCSLS is secured by way of corporate guarantee from the Company and a fixed charge on certain property, plant and equipment of the Group as disclosed in Note 10.

Other information on financial risks of RCSLS are disclosed in Note 29.

20. HIRE PURCHASE LIABILITIES

	Group	
	2007 RM	2006 RM
Future minimum lease payments:		
Not later than 1 year	197,615	195,833
Later than 1 year and not later than 2 years	146,092	127,619
Later than 2 years and not later than 5 years	129,636	147,415
Total future minimum lease payments	473,343	470,867
Less: Future finance charges	(60,212)	(64,180)
Present value of finance lease liabilities (Note 18)	413,131	406,687
Analysis of present value of finance lease liabilities :		
Not later than 1 year	171,928	168,276
Later than 1 year and not later than 2 years	128,035	110,257
Later than 2 years and not later than 5 years	113,168	128,154
	413,131	406,687
Amount due within 12 months (Note 18)	171,928	168,276
Amount due after 12 months (Note 18)	241,203	238,411
	413,131	406,687

Other information on financial risks of hire purchase are disclosed in Note 29.

Notes To The Financial Statements

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21. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current				
Trade payables				
Third parties	12,587,478	12,785,182	-	-
Related parties	1,482,569	1,713,959	-	-
	14,070,047	14,499,141	-	-
Other payables				
Related parties	2,485,282	2,447,255	-	-
Accruals	1,564,448	1,967,764	104,088	55,750
Other payables	3,570,881	3,369,898	292,021	306,609
	7,620,611	7,784,917	396,109	362,359
	21,690,658	22,284,058	396,109	362,359

(a) Trade payables

Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group range from one month to three months.

(b) Amount due to related parties

Amounts due to related parties are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

(c) Other payables

Other payables are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Further details on related party transactions are disclosed in Note 28.

22. SHARE CAPITAL AND SHARE PREMIUM

	Number of Ordinary Shares of RM1 Each		Amount	
	2007	2006	2007 RM	2006 RM
Authorised share capital				
At 1 January/31 December	100,000,000	100,000,000	100,000,000	100,000,000



Notes To The Financial Statements

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22. SHARE CAPITAL AND SHARE PREMIUM (cont'd)

	Number of Ordinary Shares of RM1 Each	Amount		
		Share Capital (Issued and Fully Paid) RM	Share Premium RM	Total Share Capital and Share Premium RM
At 1 January 2006	44,579,000	44,579,000	7,283,230	51,862,230
Issue of ordinary share :				
Pursuant to Rights Issue with Warrants	4,122,527	4,122,527	-	4,122,527
Pursuant to Debt Restructuring Scheme	13,235,924	13,235,924	-	13,235,924
At 31 December 2006	61,937,451	61,937,451	7,283,230	69,220,681
At 1 January/31 December 2007	61,937,451	61,937,451	7,283,230	69,220,681

23. REVALUATION RESERVE

The non distributable revaluation reserve of the Group represents the surplus arising from the revaluation of land and buildings net of deferred taxation.

24. DEFERRED TAX

	Group	
	2007 RM	2006 RM
At 1 January	-	-
Recognised in the income statement (Note 8)	(2,868,913)	-
Recognised in equity	2,868,913	-
At 31 December	-	-
Presented after appropriate offsetting as follows:		
Deferred tax assets	(16,546,000)	(15,419,000)
Deferred tax liabilities	16,546,000	15,419,000
	-	-

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

Group	Property, plant and equipment RM	Unabsorbed capital allowances RM	Unused business losses RM	Total RM
At 1 January 2007	15,419,000	(15,419,000)	-	-
Recognised in income statement	(1,741,913)	(389,000)	(738,000)	(2,868,913)
Recognised in equity	2,868,913	-	-	2,868,913
At 31 December 2007	16,546,000	(15,808,000)	(738,000)	-
At 1 January 2006	14,658,000	(14,658,000)	-	-
Recognised in income statement	761,000	(761,000)	-	-
At 31 December 2006	15,419,000	(15,419,000)	-	-

Notes To The Financial Statements

31 December 2007

24. DEFERRED TAX (cont'd)

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

	Group	
	2007	2006
	RM	RM
Unutilised tax losses	14,652,000	16,836,000
Unabsorbed capital allowances	9,277,000	16,218,000
Unutilised reinvestment allowances	40,870,000	39,933,000

The unutilised tax losses and unabsorbed capital allowances of the Group amounting to RM17,605,000 (2006 : RM16,836,000) and RM72,508,000 (2006 : RM74,321,000) respectively are available indefinitely for offsetting against future taxable profits of the respective subsidiaries, subject to no substantial change in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

25. SEGMENTAL REPORTING

There is no disclosure of segmental information as the Group operates principally within one industry and one country.

26. CAPITAL COMMITMENT

	Group	
	2007	2006
	RM	RM
Capital expenditure		
Approved but not contracted for:		
Property, plant and equipment	585,100	1,633,200

27. CONTINGENT LIABILITY

	Company	
	2007	2006
	RM	RM
Unsecured corporate guarantees given to secure banking and trade facilities granted to subsidiaries	29,537,032	31,062,397

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group	
	2007	2006
	RM	RM
Interest recouped from subsidiaries:		
Kangkar Raya Batu Bata Sdn. Bhd.	277,640	187,206
Syarikat Kia Lim Kilang Batu Bata Sdn. Bhd.	352,000	238,203
Sales of finished goods to:		
E.S. Ng Building Products Sdn. Bhd. (note a)	144,942	26,000
Kia Lim Timber Trading Sdn. Bhd. (note d)	1,200	-
Antara Construction Sdn. Bhd. (note h)	28,151	17,286
Sri Senanggar Batu Bata Sdn. Bhd. (note b)	-	43,666
E.S. Ng Pembinaan Perniagaan Sdn. Bhd. (note a)	325,410	197,468
Original Clay Industrial Sdn. Bhd. (note a)	-	2,995
Sales of spare parts and upkeep of tools to :		
Sri Senanggar Batu Bata Sdn. Bhd. (note b)	1,244	4,654
Kia Lim Timber Trading Sdn. Bhd. (note d)	1,031	19,626
Rengam Batu Bata Sdn. Bhd. (note e)	2,130	17,001

Notes To The Financial Statements

31 December 2007

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	Group	
	2007 RM	2006 RM
Purchases of spare parts and upkeep of tools from :		
Kia Lim Timber Trading Sdn. Bhd. (note d)	6,127	-
Rengam Batu Bata Sdn. Bhd. (note e)	4,558	1,788
Purchases of finished goods from:		
Sri Senanggar Batu Bata Sdn. Bhd. (note b)	-	89,163
Purchases of indirect materials from:		
Syarikat Kayu Wangi Berhad (note c)	-	99,045
Syarikat Subari Pembinaan Perniagaan Sdn. Bhd. (note f)	-	10,350
Drink and refreshment payable to:		
Hotel Carnival Sdn. Bhd. (note g)	1,740	9,308
Insurance premium payable to:		
Kia Lim Timber Trading Sdn. Bhd. (note d)	78,401	71,851
Rental payable to:		
Kia Lim Timber Trading Sdn. Bhd. (note d)	153,900	172,800
Rengam Batu Bata Sdn. Bhd. (note e)	-	41,400
Hotel Carnival Sdn. Bhd. (note g)	-	12,500
Sri Senanggar Batu Bata Sdn. Bhd. (note b)	10,200	3,600
Rental receivable from:		
Sri Senanggar Batu Bata Sdn. Bhd. (note b)	1,445	12,973
Antara Construction Sdn. Bhd. (note h)	-	1,200
E.S. Ng Pembinaan Perniagaan Sdn. Bhd. (note a)	7,916	1,120
Transport charges receivable from:		
Sri Senanggar Batu Bata Sdn. Bhd. (note b)	5,817	12,139
E.S. Ng Pembinaan Perniagaan Sdn. Bhd. (note a)	1,732	-

Related parties are those enterprises which are subject to the same source of influence as the Company through common directors and shareholders.

Notes:

- (a) A director of the Company, namely Datuk Ng Eng Sos @ Bah Chik, and his family members are directors and/or substantial shareholders of that company.
- (b) A director of the Company, namely Tan See Chip, and certain family members of certain directors, namely Datuk Ng Eng Sos @ Bah Chik, Datuk Ng Yeng Keng @ Ng Ka Hiat and Tan See Chip, are directors of that company. Certain directors of the Company, namely Datuk Ng Eng Sos @ Bah Chik, Datuk Ng Yeng Keng @ Ng Ka Hiat, Tan See Chip, and/or their family members are substantial shareholders of that company.
- (c) A director of the Company, namely Datuk Ng Eng Sos @ Bah Chik, Datuk Ng Yeng Keng @ Ng Ka Hiat, Ng Chin Kang and Mohd Salleh Bin Jantan, are/were directors of that company and/or their certain family members have deemed substantial interest in that company.
- (d) Certain directors of the Company, namely Datuk Ng Eng Sos @ Bah Chik, Datuk Ng Yeng Keng @ Ng Ka Hiat, Ng Yam Puan @ Ng Ah Bah and Ng Chin Kang, are directors and/or substantial shareholders of that company. A substantial shareholder of the Company, namely Ng Yan Kian, is also the substantial shareholder of that company.

Notes To The Financial Statements

31 December 2007

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

- (e) Certain directors of the Company, namely Tan See Chip and Mohd Salleh Bin Jantan, and certain family members of certain directors, namely Datuk Ng Eng Sos @ Bah Chik and Datuk Ng Yeng Keng @ Ng Ka Hiat, are directors of that company. Certain directors of the Company namely, Datuk Ng Eng Sos @ Bah Chik, Datuk Ng Yeng Keng @ Ng Ka Hiat, Ng Chin Kang, Mohd Salleh Bin Jantan and/or their family members are substantial shareholders of that company.
- (f) A director of the Company, namely Datuk Ng Yeng Keng @ Ng Ka Hiat, and a family member of another director, namely Datuk Ng Eng Sos @ Bah Chik, are directors of that company. Certain directors of the Company and/or their certain family members, namely Datuk Ng Eng Sos @ Bah Chik, Datuk Ng Yeng Keng @ Ng Ka Hiat and Ng Chin Kang, are deemed to have substantial interest in that company.
- (g) A director of the Company, namely Datuk Ng Yeng Keng @ Ng Ka Hiat and a family member of another director, namely Datuk Ng Eng Sos @ Bah Chik are directors of that company. A substantial shareholder of the Company, namely Ng Yan Kian is also a substantial shareholder of that company. Certain directors of the Company, namely Datuk Ng Eng Sos @ Bah Chik, Datuk Ng Yeng Keng @ Ng Ka Hiat, Ng Chin Kang and/or their family members have deemed substantial interest in that company.
- (h) A director of the Company, namely Mohd Salleh Bin Jantan and certain family members of certain directors, namely Datuk Ng Eng Sos @ Bah Chik and Y.B. Datuk Ariss Bin Samsudin are directors and substantial shareholders of that company.

The key management personnel of the Group are the directors and their remuneration are disclosed in Note 7.

29. 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, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

(b) 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 interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.



Notes To The Financial Statements

31 December 2007

29. FINANCIAL INSTRUMENTS (cont'd)

(b) Interest Rate Risk (cont'd)

The following tables 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 and the Company's financial instruments that are exposed to interest rate risk :

At 31 December 2007

Group	Note	WAEIR %	Within 1 Year RM	1 - 2 Years RM	2 - 3 Years RM	3 - 4 Years RM	4 - 5 Years RM	More Than 5 Years RM	Total RM
Fixed rate									
Redeemable Convertible Secured Loan Stocks	18	4.00	-	-	-	-	-	15,716,000	15,716,000
Hire purchase and finance lease liabilities	20	2.85-6.50	171,928	128,035	96,241	16,927	-	-	413,131
Floating rate									
Bank overdrafts	18	8.25-9.25	5,891,700	-	-	-	-	-	5,891,700
Bankers' acceptances	18	3.62-6.50	8,262,000	-	-	-	-	-	8,262,000
Trust receipt	18	8.75-9.25	973,139	-	-	-	-	-	973,139
Term loans	18	6.50-8.75	2,632,070	3,815,168	3,451,428	4,010,040	2,370,196	-	16,278,902
Company									
Fixed rate									
Redeemable Convertible Secured Loan Stock	18	4.00	-	-	-	-	-	15,716,000	15,716,000

Notes To The Financial Statements

31 December 2007

29. FINANCIAL INSTRUMENTS (cont'd)

(b) Interest Rate Risk (cont'd)

At 31 December 2006

Group	Note	WAEIR %	Within 1 Year RM	1 - 2 Years RM	2 - 3 Years RM	3 - 4 Years RM	4 - 5 Years RM	More Than 5 Years RM	Total RM
Fixed rate									
Redeemable Convertible Secured Loan Stocks	18	4.00	-	-	-	-	-	15,716,000	15,716,000
Hire purchase and finance lease liabilities	20	2.85-6.50	168,276	110,257	110,257	17,897	-	-	406,687
Floating rate									
Bank overdrafts	18	8.25-8.75	5,024,388	-	-	-	-	-	5,024,388
Bankers' acceptances	18	6.00-6.60	9,014,000	-	-	-	-	-	9,014,000
Trust receipt	18	8.75	417,141	-	-	-	-	-	417,141
Term loans	18	6.50-8.75	2,038,166	2,412,423	2,755,428	3,451,428	4,010,140	2,370,195	17,037,780
Company									
Fixed rate									
Redeemable Convertible Secured Loan Stock	18	4.00	-	-	-	-	-	15,716,000	15,716,000
Floating rate									
Bank overdrafts	18	8.25-8.75	98,340	-	-	-	-	-	98,340
Term loans	18	8.00	87,772	-	-	-	-	-	87,772

Interest on financial instruments subject to floating interest rates is contractually repriced based on bank's base lending rate. Interest on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

Notes To The Financial Statements

31 December 2007

29. FINANCIAL INSTRUMENTS (cont'd)

(c) Foreign Exchange Risk

The Group's foreign exchange exposures arise from export sales and overseas purchases. The Group relies on natural hedging as a risk management tool and does not engage in any formal hedging activities.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows :

	United States Dollars RM	Singapore Dollars RM	Euro RM	Total RM
At 31 December 2007				
Net receivables/(payables)	233,000	2,902,000	(636,000)	2,499,000
At 31 December 2006				
Net receivables/(payables)	217,000	2,495,000	(629,000)	2,083,000

(d) Liquidity Risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) 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.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(f) Fair Values

The carrying value of current financial assets and current financial liabilities of the Group approximate their values due to their short term nature whilst the carrying value of long term borrowings is estimated to approximate their fair values based on the current rates available for borrowings with the same maturity profile except for the Redeemable Convertible Secured Loan Stock which has a fair value of approximately RM11,621,000 (2006 : RM11,276,000) as at the balance sheet date.

It is not practicable to estimate the fair values of amounts due from/to the subsidiaries and related companies principally due to a lack of fixed terms of repayment entered by the parties involved and without incurring excessive costs. However, the directors believe that the carrying amounts recorded on the balance sheet reflect the fair value.

30. COMPARATIVES

Certain amounts in the Company's income statement for the comparative year have been reclassified to conform with the current year's presentation, whereby interest income and interest expense are now presented as separate line items on the face of the income statement.

Statement Of Shareholdings

as at 10 April 2008

Authorised capital	:	RM100,000,000.00 divided into 100,000,000 ordinary shares of RM1-00 each
Issued and fully paid-up capital	:	61,937,451 ordinary shares of RM1-00 each
Voting rights	:	One vote for one ordinary share

ANALYSIS OF SHAREHOLDINGS

Number of Holders	Holdings	Total Holdings	Percentage of Holdings
2	Less than 100	117	0.00
861	100 - 1,000	846,833	1.37
807	1,001 - 10,000	3,008,482	4.86
144	10,001 to 100,000	3,964,242	6.40
31	100,001 to less than 5% of issued shares	20,082,770	32.42
6	5% and above of issued shares	34,035,007	54.95
1,851		61,937,451	100.00

THIRTY LARGEST SHAREHOLDERS

Name of shareholder	Number of Shares	Percentage of Shares
1. RHB Capital Nominees (Tempatan) Sdn. Bhd. RHB Bank Berhad	7,823,694	12.63
2. Kia Lim Realty Sdn. Bhd.	7,110,393	11.48
3. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kia Lim Timber Trading Sdn. Bhd.	6,440,270	10.40
4. Malaysian Industrial Development Finance Berhad	5,400,230	8.72
5. Permodalan Nasional Berhad	4,124,895	6.66
6. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Hoo Tee Holdings Sdn. Bhd.	3,135,525	5.06
7. Sutera Istimewa Sdn. Bhd.	2,991,000	4.83
8. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kia Lim Realty Sdn. Bhd.	2,931,600	4.73
9. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kia Lim Timber Trading Sdn. Bhd.	2,764,800	4.46
10. AmBank (M) Berhad Pledged Securities Account for Mohd Salleh Bin Jantan	1,484,000	2.40
11. Ban Dung Palm Oil Industries Sdn. Bhd.	1,117,200	1.80
12. Ng Yeng Keng @ Ng Ka Hiat	1,087,702	1.76
13. Tan See Chip	799,935	1.29
14. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Goh May Lee	717,000	1.16
15. Ng Yan Kian	706,196	1.14
16. Ng Hoo Tee Holdings Sdn. Bhd.	684,648	1.11
17. Syarikat Jaya Diri Kemajuan Sdn. Bhd.	630,000	1.02
18. Chin Choon Lan	491,000	0.79
19. CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Eng Sos @ Bah Chik	391,590	0.63
20. Kia Lim Timber Trading Sdn. Bhd.	303,184	0.49
21. Ariss Bin Samsudin, Datuk	303,000	0.49
22. AmBank (M) Berhad Pledged Securities Account for Chin Choon Lan	284,900	0.46
23. Kour Siok Leen	246,790	0.40
24. Malaysia Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dr Ng Yam Puan @ Ng Ah Bah	232,000	0.37
25. Ng Yeng Keng @ Ng Ka Hiat	217,395	0.35

Statement Of Shareholdings

as at 10 April 2008

THIRTY LARGEST SHAREHOLDERS (cont'd)

Name of shareholder	Number of shares	Percentage of shares
26. Yian Xing Long	200,000	0.32
27. Oh Gek Eng	165,898	0.27
28. Eng Lee @ Ng Hoe Sai	164,404	0.27
29. Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kour Siok Leen	154,264	0.25
30. Mohd Salleh Bin Jantan	149,704	0.24

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company: -

	Shareholder	Direct Interest		Deemed Interest		Note
		Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares	
1.	E.S. Ng Holdings Sdn. Bhd.	-	-	10,725,993	17.32	A
2.	Kia Lim Realty Sdn. Bhd.	10,041,993	16.21	54,000	0.09	B
3.	Kia Lim Timber Trading Sdn. Bhd.	9,535,854	15.40	684,000	1.10	C
4.	Ng Hoo Tee Holdings Sdn. Bhd.	3,820,173	6.17	1,208,400	1.95	D
5.	Datuk Ng Eng Sos @ Bah Chik	528,590	0.85	25,290,420	40.83	E
6.	Datuk Ng Yeng Keng @ Ng Ka Hiat	1,478,255	2.39	25,290,420	40.83	E
7.	Ng Chin Lan	10,000	0.02	10,725,993	17.32	A
8.	Ng Chin Kang	-	-	11,428,254	18.45	F
9.	Permodalan Nasional Berhad	4,124,895	6.66	-	-	-
10.	Yayasan Pelaburan Bumiputra	-	-	4,124,895	6.66	G
11.	Ng Yeng Keng Holdings Sdn. Bhd.	-	-	10,725,993	17.32	A
12.	Kour Siok Leen	401,054	0.65	10,725,993	17.32	A

Notes:

- A Deemed interest through his or its shareholdings in Kia Lim Realty Sdn. Bhd., Sersen Tiles Sdn. Bhd. and Syarikat Jaya Diri Kemajuan Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- B Deemed interest through its shareholdings in Sersen Tiles Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- C Deemed interest through its shareholdings in Sersen Tiles Sdn. Bhd. and Syarikat Jaya Diri Kemajuan Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- D Deemed interest through its shareholdings in Ban Dung Palm Oil Industries Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- E Deemed interest through his shareholdings in Kia Lim Realty Sdn. Bhd., Kia Lim Timber Trading Sdn Bhd, Sersen Tiles Sdn. Bhd., Ban Dung Palm Oil Industries Sdn. Bhd., Ng Hoo Tee Holdings Sdn. Bhd. and Syarikat Jaya Diri Kemajuan Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- F Deemed to have indirect interest through his shareholding in Kia Lim Timber Trading Sdn. Bhd., Ban Dung Palm Oil Industries Sdn. Bhd., Sersen Tiles Sdn. Bhd. and Syarikat Jaya Diri Kemajuan Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.
- G Deemed to have indirect interest through his shareholding of 100% less 1 share in Permodalan Nasional Berhad by virtue of Section 6A of the Companies Act, 1965.

Statement Of Shareholdings

as at 10 April 2008

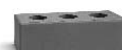
LIST OF DIRECTORS' SHAREHOLDINGS AS AT 10 APRIL 2008

No.	Director	(DIRECT INTEREST)		(DEEMED INTEREST)		
		Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares	
1.	DATUK NG ENG SOS @ BAH CHIK	528,590	0.85	25,290,420	40.83	*
2.	DATUK ARISS BIN SAMSUDIN	303,000	0.49	-	-	
3.	DATUK NG YENG KENG @ NG KA HIAT	1,478,255	2.39	25,290,420	40.83	*
4.	MR TAN SEE CHIP	799,935	1.29	17,000	0.03	#
5.	MR NG CHIN KANG	-	-	11,428,254	18.45	*
6.	MR LOH CHEE KAN	-	-	-	-	
7.	YB KOH CHAI @ KOH CHEE CHAI	-	-	-	-	
8.	MR CHUA SYER CIN	-	-	-	-	
9.	DR NG YAM PUAN @ NG AH BAH	309,499	0.50	-	-	
10.	EN MOHD SALLEH BIN JANTAN	1,636,416	2.64	-	-	

Notes:

* Deemed interest in ordinary shares of the Directors are of the same as disclosed under notes to the substantial shareholding.

Deemed interest through his or its shareholdings in Tan See Chip Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.



Statement Of Warrant Holdings

as at 10 April 2008

Warrant Issued : 4,122,527
 Voting Rights : One vote for one each New Share to which such holder would be entitled at a Subscription Price on the exercise in full of the Subscription Rights represented by such Warrant Holders.

ANALYSIS OF WARRANT HOLDINGS

Number of Holders	Holdings	Total Holdings	Percentage of Holdings
0	Less than 100	0	0.00
111	100 - 1,000	15,200	0.37
9	1,001 - 10,000	48,600	1.18
3	10,001 to 100,000	82,100	1.99
3	100,001 to less than 5% of issued shares	416,100	10.09
4	5% and above of issued shares	3,560,527	86.37
130		4,122,527	100.00

THIRTY LARGEST WARRANT HOLDERS

Name of Warrant Holder	Number of Warrants	Percentage of Warrants
1. Kia Lim Realty Sdn. Bhd.	2,088,540	50.66
2. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ng Hoo Tee Holdings Sdn. Bhd.	522,587	12.68
3. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Kia Lim Realty Sdn. Bhd.	488,600	11.85
4. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Kia Lim Timber Trading Sdn. Bhd.	460,800	11.18
5. Ban Dung Palm Oil Industries Sdn. Bhd.	186,200	4.52
6. Kia Lim Timber Trading Sdn. Bhd.	115,734	2.81
7. Ng Hoo Tee Holdings Sdn. Bhd.	114,166	2.77
8. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yap Gah Hoon @ Yap Hoon	47,000	1.14
9. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Sow Leng	19,900	0.48
10. Ban Dung Palm Oil Industries Sdn. Bhd.	15,200	0.37
11. Teh Hock Seng	10,000	0.24
12. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tung Di Pong	10,000	0.24
13. Quek Khen Sian	8,000	0.19
14. Abdul Aziz Bin Bador	5,000	0.12
15. Kia Lim Timber Trading Sdn. Bhd.	4,600	0.11
16. James Chan Khay Syn	4,000	0.10
17. Loh Mooi	3,000	0.07
18. Maha Perkasa Sdn. Bhd.	2,000	0.05
19. Mohd Nooh Bin Shafien	2,000	0.05
20. Ooi Chye Seng @ Ng Chai Seng	1,000	0.02
21. Phong Hon Wai	1,000	0.02
22. Goh Soo Cheng @ Goh Su Mei	600	0.01
23. Choi Yaw Tong	400	0.01
24. Lee Yoon Wah	400	0.01
25. Lee Kok Peng	400	0.01
26. Yong Choy Heong	200	0.00

Statement Of Warrant Holdings

as at 10 April 2008

THIRTY LARGEST WARRANT HOLDERS (cont'd)

Name of Warrant Holder	Number of Warrants	Percentage of Warrants
27. Rosli Bin Yusoff	200	0.00
28. Low Eng Choon	200	0.00
29. Hee Lee Ping	200	0.00
30. Zainal Bin Che Muda	200	0.00

LIST OF DIRECTORS' WARRANT HOLDINGS AS AT 10 APRIL 2008

No.	Director	(DIRECT INTEREST)		(DEEMED INTEREST)		
		Number of Warrants	Percentage of Warrants	Number of Warrants	Percentage of Warrants	
1.	DATUK NG ENG SOS @ BAH CHIK	-	-	3,996,427	96.94	*
2.	DATUK ARISS BIN SAMSUDIN	-	-	-	-	
3.	DATUK NG YENG KENG @ NG KA HIAT	-	-	3,996,427	96.94	*
4.	MR TAN SEE CHIP	-	-	-	-	
5.	MR NG CHIN KANG	-	-	782,534	18.98	#
6.	MR LOH CHEE KAN	-	-	-	-	
7.	YB KOH CHAI @ KOH CHEE CHAI	-	-	-	-	
8.	MR CHUA SYER CIN	-	-	-	-	
9.	DR NG YAM PUAN @ NG AH BAH	-	-	-	-	
10.	EN MOHD SALLEH BIN JANTAN	-	-	-	-	

Notes:

* Deemed interest through his warrant holdings in Kia Lim Realty Sdn Bhd, Kia Lim Timber Trading Sdn Bhd, Sersen Tiles Sdn Bhd, Ban Dung Palm Oil Industries Sdn Bhd, Ng Hoo Tee Holdings Sdn Bhd and Syarikat Jaya Diri Kemajuan Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

Deemed to have indirect interest through his warrant holding in Kia Lim Timber Trading Sdn Bhd, Ban Dung Palm Oil Industries Sdn Bhd, Sersen Tiles Sdn Bhd and Syarikat Jaya Diri Kemajuan Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.



List Of Properties

31 December 2007

Location of Properties	Description	Tenure / Age of Buildings	Approximately Land Area / (Built-up Area)	Net Book Value RM'000	Date of Valuation
5 plots of land comprising Lot Nos : PT 5032, 5033 5034, 5035 and 5036 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Industrial land (with factory for brick making plant, office, store and workshop)	Freehold (Between 15 - 22 years)	23.2923 acres (68,988 sq.ft)	8,086	31.12.2007
2 plots of land Lot Nos : 25 and 26 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Industrial land (with 1 open-sided factory buildings for paver plants)	Freehold (Between 9 years)	5,8686 acres (159,375 sq.ft)	10,674	31.12.2007
2 plots of land comprising Lot Nos : PTD 6922 and 1186 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Extraction of clay	Freehold	24.3376 acres (N/A)	1,220	31.12.2007
4 plots of land comprising Lot Nos : 1187, 27, 24 and 20 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	18.3562 acres (N/A)	1,140	31.12.2007
Lot No : 1617 Mukim Simpang Kiri 4, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	5.0812 acres (N/A)	180	31.12.2007
Lot No : PTD 6920 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Industrial land (with 2 open-sided factory buildings for brick making plants)	Freehold (Between 22 years)	7.0000 acres (111,705 sq.ft)	4,430	31.12.2007
Lot Nos : PTD 6988 and PTD 6989 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Industrial land (with open-sided factory buildings for roofing tiles plants, office building cum store and laboratory)	Freehold (Between 11 years)	8.7810 acres (224,772 sq.ft)	12,280	31.12.2007
Lot No : PTD 6921 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Extraction of clay	Freehold	20.5597 acres (N/A)	1,030	31.12.2007
3 plots of land comprising Lot Nos : PTD 8029, 6642, and 809 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	22.9330 acres (N/A)	1,050	31.12.2007
EMR 3460 Lot 6641 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	1.6311 acres (N/A)	90	31.12.2007
EMR 3134 Lot 6625 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	4.0747 acres (N/A)	120	31.12.2007
Suite No 1604 Tower A Menara Atlas Plaza Pantai Kuala Lumpur.	Office building	Freehold (10 years)	2,360 sq.ft	750	31.12.2007

CDS ACCOUNT NO.

Form Of Proxy

I/We _____
of _____
being a member/members of the abovenamed Company, hereby appoint _____
of _____
or failing whom, _____
of _____
as *my/our proxy to vote for *me/us and on *my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Dewan Okid, 2nd Floor, Hotel Carnival, 2, Jalan Fatimah, 83000 Batu Pahat, Johor, Malaysia on Thursday, 29 May 2008 at 12.00 p.m. and at any adjournment thereof *for/against the resolutions to be proposed thereat.

*My/Our proxy is to vote as indicated below: -

NO.	RESOLUTIONS	FOR	AGAINST
1.	Receive the Audited Financial Statements for the financial year ended 31 December 2007 together with the Directors' and Auditors' Report thereon.		
2.	Approve the payment of Directors' Fees for the year ended 31 December 2007.		
	Re-elect the following Directors retiring according to Article 80 of the Company's Articles of Association:-		
3.	Datuk Ng Yeng Keng @ Ng Ka Hiat		
4.	Chua Syer Cin		
5.	Ng Chin Kang		
	Re-appointment of the following Directors as Director pursuant to Section 129 (6) of the Companies Act, 1965: -		
6.	Datuk Ng Eng Sos @ Bah Chik		
7.	Dr Ng Yam Puan @ Ng Ah Bah		
8.	Re-appointment of Messrs Ernst & Young as Auditors.		
9.	Authority to Allot Shares - Section 132D		
10.	Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
11.	Proposed Shareholders' Mandate for New Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

Dated this day of2008

Number of Shares Held

.....
Signature of Member(s)

NOTES:

- A member of the Company entitled to attend and vote at the Meeting shall not be entitled to appoint more than two proxies to attend and vote in his stead. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, Section 149 of the Act shall not be applicable.
- Where a member is an authorised nominee as defined under The Securities Industry (Central Depositories) Act, 1991 it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
- All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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STAMP

The Company Secretary
SYMPHONY CORPORATEHOUSE SDN. BHD.
(Co. No. 476777-A)

Suite 6.1A, Level 6,
Menara Pelangi, Jalan Kuning,
Taman Pelangi, 80400 Johor Bahru,
Johor Darul Ta'zim.

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