



Annual Report

2004



**LEBAR DAUN BERHAD**

(590945-H)

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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of Lebar Daun Berhad will be held at Bilik Langat, 1<sup>st</sup> Floor, Kelab Shah Alam Selangor, No. 1A, Jalan Aerobik 13/43, Persiaran Kayangan, 40704 Shah Alam, Selangor Darul Ehsan on Tuesday, 7 June 2005 at 11.00 a.m. for the following purposes:-

### AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2004 together with the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To approve the Directors' fees for the financial year ended 31 December 2004. *(Resolution 2)*
3. To re-elect the following Directors, who retire by rotation in accordance with Article 84 of the Company's Articles of Association:-
  - i) Norazmi Bin Mohamed Nurdin *(Resolution 3)*
  - ii) Datuk Mohd Hashim Bin Hassan *(Resolution 4)*
4. To re-appoint Messrs Khairuddin Hasyudeen & Razi as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 5)*
5. As special business, to consider and if thought fit, to pass the following Ordinary Resolution:-

#### **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.3 of the Circular to Shareholders dated 13 May 2005, subject further to the following:-

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm's length basis and are not to the detriment of the minority shareholders of the Company;
- (ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:-
  - (a) the type of Recurrent Related Party Transactions made; and
  - (b) the names of the related parties involved in each type of Recurrent Related Party Transactions made and their relationship with the Company;
- (iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:-
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which this shareholders' mandate will lapse, unless by a resolution passed at the said AGM, such authority is renewed;





## NOTICE OF ANNUAL GENERAL MEETING *(continued)*

(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 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 a general meeting; whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution.”

*(Resolution 6)*

6. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

**RAZALI BIN HASSAN**

LS 05531

Company Secretary

Shah Alam

13 May 2005

**Notes:-**

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the registered office of the Company at Wisma Lebar Daun, No. 2, Jalan Tengku Ampuan Zabedah J9/J, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
3. A member shall be entitled to appoint a proxy/proxies (but not more than two (2)) to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
6. If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

**Explanatory Note on Special Business**

7. The proposed Resolution No. 6, if passed, will allow the Company and/or its subsidiary to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business and on terms that are not more favourable to the related parties than those generally available to the public. This would avoid any delay and cost involved in convening separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next Annual General Meeting of the Company or will subsist until the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.



## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

*Pursuant to paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad*

### 1. NAME OF DIRECTORS STANDING FOR RE-ELECTION

The Directors who are standing for re-election in accordance with Article 84 of the Company's Articles of Association are:-

- i) Norazmi Bin Mohamed Nurdin
- ii) Datuk Mohd Hashim Bin Hassan

### 2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

There were four (4) Board Meetings held during the financial year ended 31 December 2004 and the following are the details of the Board attendance:-

<b>Directors</b>	<b>No. of Meetings Attended</b>
Norazmi Bin Mohamed Nurdin	4/4
Datuk Mohd Hashim Bin Hassan	3/4
Prof Dr. Hamzah Bin Ismail	4/4
Dato' Nik Ismail Bin Dato' Nik Yusoff	4/4
Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	4/4

### 3. PLACE, DATE AND TIME OF ANNUAL GENERAL MEETING

The Third Annual General Meeting of the Company will be held at Bilik Langat, 1<sup>st</sup> Floor, Kelab Shah Alam Selangor, No. 1A, Jalan Aerobik 13/43, Persiaran Kayangan, 40704 Shah Alam, Selangor Darul Ehsan on Tuesday, 7 June 2005 at 11.00 a.m..

### 4. FURTHER DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

Details of the Directors standing for re-election are set out in Directors' Profiles on page 6 of this Annual Report.





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

NORAZMI BIN MOHAMED NURDIN  
*(Chairman/Managing Director)*

DATUK MOHD HASHIM BIN HASSAN  
*(Independent Non-Executive Director)*

PROF DR. HAMZAH BIN ISMAIL  
*(Independent Non-Executive Director)*

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF  
*(Independent Non-Executive Director)*

DATO' NOOR AZMAN @ NOOR HIZAM BIN  
MOHD NURDIN  
*(Non-Independent Non-Executive Director)*

### AUDIT COMMITTEE

PROF DR. HAMZAH BIN ISMAIL *(Chairman)*

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

NORAZMI BIN MOHAMED NURDIN

### NOMINATION COMMITTEE

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF *(Chairman)*

DATUK MOHD HASHIM BIN HASSAN

PROF DR. HAMZAH BIN ISMAIL

### REMUNERATION COMMITTEE

DATUK MOHD HASHIM BIN HASSAN *(Chairman)*

PROF DR. HAMZAH BIN ISMAIL

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

### COMPANY SECRETARY

Razali Bin Hassan (LS 05531)

### AUDITORS

Khairuddin Hasyudeen & Razi  
Chartered Accountants  
B-5-7, Megan Avenue II  
12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur  
Tel. No. : 603-2710 7717  
Fax. No. : 603-2710 7727

### SOLICITORS

Zul Rafique & Partners  
Nik Saghir & Ismail

### REGISTERED OFFICE

Wisma Lebar Daun  
No. 2, Jalan Tengku Ampuan Zabedah J9/J  
Seksyen 9, 40000 Shah Alam  
Selangor Darul Ehsan  
Tel. No. : 603-5511 1333  
Fax. No. : 603-5511 1888  
Website : [www.lebardaun.com.my](http://www.lebardaun.com.my)

### SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd  
Level 26 Menara Multi Purpose, Capital Square  
No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur  
Tel. No. : 603-2721 2222  
Fax. No.: 603-2721 2530

### PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad  
RHB Bank Berhad

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Second Board



## PROFILE OF THE BOARD OF DIRECTORS

**NORAZMI BIN MOHAMED NURDIN**, aged 39, Malaysian, was appointed as Chairman and Managing Director of Lebar Daun Berhad ("LDAUN") on 7 January 2004. He is a member of the Audit Committee. He holds a Degree in Engineering Management and also a Degree in Civil Engineering from the University of Portland, USA. He started his career with Petronas Berhad in November 1992 as Senior Executive, Tender and Contract Division. He was with the company until 1996. Prior to joining the LDAUN Group, he was the General Manager of Putrajaya Holdings Sdn Bhd and also served in various senior positions in several other private companies under Putrajaya Holdings Sdn Bhd. He is the key personnel in the management team that runs the day-to-day operations of LDAUN Group. He also sits on the board of two other private companies. He does not hold any other directorships of public companies. He holds a total of 88,161,800 ordinary shares (direct and indirect) and 1,000 units of ICULS (indirect) in LDAUN and is deemed to have an interest in the shares of the subsidiary company to the extent held by LDAUN. He is the brother of Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin, a Non-Independent Non-Executive Director and major shareholder of LDAUN. He does not have any conflict of interest with the Company except for the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group for which he is deemed to be interested as disclosed in page 14 of this Annual Report. He has not been convicted of any offences over the past 10 years. He attended all the four board meetings held during the financial year ended 31 December 2004.

**DATUK MOHD HASHIM BIN HASSAN**, aged 60, Malaysian, was appointed as Independent Non-Executive Director of LDAUN on 7 January 2004. He serves as the Chairman of Remuneration Committee and is a member of the Nomination Committee. He holds a Master in Business Administration from Ohio University, USA and also a Master of Science (Food Science) from Michigan State University, USA. He serves as the Chairman of Padiberas Nasional Berhad and as Deputy Chairman of KUB Malaysia Berhad and also as a director of Bank Kerjasama Rakyat Malaysia Berhad and several other private companies. He does not hold any ordinary shares or ICULS in LDAUN. He does not have any family relationship with any Director and/or major shareholder of LDAUN and has no conflict of interest with LDAUN. He has not been convicted of any offences over the past 10 years. He attended three out of four board meetings held during the financial year ended 31 December 2004.

**PROF DR. HAMZAH BIN ISMAIL**, aged 59, Malaysian, was appointed as Independent Non-Executive Director of LDAUN on 7 January 2004. He serves as the Chairman of the Audit Committee and is a member of the Nomination and Remuneration Committees. He holds a Doctorate in Business Administration (Major in Accounting) from Indiana University, Bloomington, USA. He is also a director and the Chairman of the Audit Committee of Eastern Pacific Industrial Corporation Berhad. He does not hold any ordinary shares or ICULS in LDAUN. He does not have any family relationship with any Director and/or major shareholder of LDAUN and has no conflict of interest with LDAUN. He has not been convicted of any offences over the past 10 years. He attended all the four board meetings held during the financial year ended 31 December 2004.





## PROFILE OF THE BOARD OF DIRECTORS *(continued)*

**DATO' NIK ISMAIL BIN DATO' NIK YUSOFF**, aged 59, Malaysian, was appointed as Independent Non-Executive Director of LDAUN on 7 January 2004. He serves as the Chairman of the Nomination Committee and is a member of the Audit and Remuneration Committees. He obtained a Diploma in Police Science from University Kebangsaan Malaysia. He began his career with the Royal Malaysia Police in 1965, which he served in numerous senior positions within the Royal Malaysia Police such as the Head of Special Branch, Terengganu (1982-1983), Commandant Special Branch Training School (1989-1992), Deputy Director Special Branch 1 (1995-1997), and Chief Police Officer of Terengganu (1997), Kedah (1997-1999), Selangor (1999-2001). He retired from the force as the Deputy Commissioner of Police in 2001. He also sits on the board of Malaysia AE Models Holdings Berhad and Mercedes Holdings Berhad and several other private companies. He does not hold any ordinary shares or ICULS in LDAUN. He does not have any family relationship with any Director and/or major shareholder of LDAUN and has no conflict of interest with LDAUN. He has not been convicted of any offences over the past 10 years. He attended all the four board meetings held during the financial year ended 31 December 2004.

**DATO' NOOR AZMAN @ NOOR HIZAM BIN MOHD NURDIN**, aged 43, Malaysian, was appointed as Non-Independent Non-Executive Director of LDAUN on 7 January 2004. He graduated with an Honours in Business Management degree from University Kebangsaan Malaysia. He began his career as a Corporate and Retail Banking Executive with MUI Bank Berhad in 1985. He left MUI Bank Berhad in 1988 to set up Lebar Daun Construction Sdn. Bhd.. He also sits on the board of various other private companies. He does not hold any other directorships of public companies. He holds a total of 88,161,800 ordinary shares (direct and indirect) and 1,000 units of ICULS in LDAUN and is deemed to have an interest in the shares of the subsidiary company to the extent held by LDAUN. He is the brother of Encik Norazmi bin Mohamed Nurdin, the Chairman and Managing Director of LDAUN. He does not have any conflict of interest with the Company except for the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group for which he is deemed to be interested as disclosed in page 14 of this Annual Report. He has not been convicted of any offences over the past 10 years. He attended all the four board meetings held during the financial year ended 31 December 2004.





## **STATEMENT ON CORPORATE GOVERNANCE**

The Board of Directors of Lebar Daun Berhad ("the Board") recognises the importance of practising the highest standards of corporate governance throughout the Company and its subsidiary ("the Group") and fully supports the recommendations of the Malaysian Code on Corporate Governance ("the Code"). The Board constantly strives to ensure that the highest standards of corporate governance are practised throughout the Group to protect and enhance shareholders' value and the financial performance of the Group as a part of its fiduciary duties.

The Board is pleased to report on the manner the Group has applied the principles and the extent of compliance with the best practices of the Code throughout the financial year ended 31 December 2004.

### **THE BOARD OF DIRECTORS**

#### **Board Composition, Duties and Responsibilities**

The Board currently has five members, comprising the Chairman/Managing Director, three Independent Non-Executive Directors and a Non-Independent Non-Executive Director. With this composition, the Board satisfies the requirement of having at least one third of its members as Independent Directors. All the Independent Directors are independent of the Management and are free from any business or other relationship that would materially interfere with the exercise of their independent judgement. The Board is of the view that three Independent Directors fairly reflect the interests in the Company by the minority shareholders. The Directors, with their different background and specialisation, collectively bring with them a wide range of experience and expertise to enable the Board in discharging its duties and responsibilities effectively. A brief description on the background of the Directors is presented on pages 6 and 7 of this Annual Report.

The Board has overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the resources, investments and businesses of the Group. All Board members participate fully in major decisions and key issues involving the Group such as approval of quarterly and annual results, budgets, significant acquisitions and disposals of assets, major capital expenditure as well as long term strategic planning for the Group.

The roles of the Chairman and Managing Director are combined and currently held by Encik Norazmi bin Mohamed Nurdin. This is perceived as appropriate and in the best interest of the Group as he has extensive knowledge and experience in the Group's businesses, policies and administrative matters and is able to lend a hands-on approach in managing the Group. The Board is mindful of the dual role held by him but is of the opinion that the current Board composition reflects a strong independent element so that no individual has unfettered power of decision and no small group of individuals dominates the Board decision making.

The Board has identified Dato' Nik Ismail bin Dato' Nik Yusoff as the Senior Independent Non-Executive Director to whom all concerns regarding the Company may be conveyed.

#### **Board Meetings and Supply of Information**

The Board meets on a scheduled basis at least four times a year, with additional meetings convened when necessary. During the financial year, four Board meetings were held and the Directors' attendance is laid out in the Statement Accompanying Notice of Annual General Meeting on page 4 of this Annual Report.

Prior to each Board meeting, all Directors are provided with a set of board papers with details on matters to be discussed at the meeting.



## **STATEMENT ON CORPORATE GOVERNANCE** *(continued)*

All members of the Board have unrestricted access to the advice and services of the senior managers and the company secretary. The company secretary is responsible for ensuring that all Board meeting procedures are followed and that all applicable rules and regulations are complied with.

Directors may obtain independent professional advice in furtherance of their duties, at the Company's expense.

### **Appointment to the Board**

In order to comply with good practice for the appointment of new directors through a formal and transparent procedure, the Board has set up a Nomination Committee, which comprised exclusively of Non-Executive Directors, to evaluate and recommend candidates for directorships to the Board.

### **Re-election of Directors**

In accordance with the Company's Articles of Association, one-third of the Directors for the time being shall retire from office and be eligible for re-election Provided Always that all Directors including a Managing Director shall retire from office once at least in each three years but shall be eligible for re-election. A retiring Director shall retain office until the close of the general meeting at which he retires.

### **Directors' Training**

The Company does not at present have a formal orientation programme for the newly appointed Directors. Newly appointed Directors, however, will be provided with relevant information pertaining to the Group, including visits to the Group's operating sites and meetings with senior management to facilitate their understanding of the nature of business and strategy of the Group.

All the Directors have attended and completed the Mandatory Accreditation Programme as prescribed by the Bursa Malaysia Securities Berhad (Bursa Securities).

Following the amendments to the Listing Requirements of the Bursa Securities in relation to the Continuing Education Programme (CEP) which took effect from 1 January 2005, the CEP requirements has been repealed. In case of Directors who have been first appointed a Director of a listed company in 2004, there is no requirement to accumulate CEP points for 2005. This new provision is applicable to Encik Norazmi and Dato' Noor Azman. However, for Directors who were previously required by Bursa Securities to accumulate the total of 72 or 48 points (by virtue of their first appointment date as Director of a listed company) by end 2004, and they still have not done so, an extension of time was given until 31 December 2005. Save for Dato' Nik Ismail, who has until 31 December 2005 to comply, all other Directors have accumulated the minimum number of either 72 or 48 CEP points in compliance of such obligation. However, the Board of Directors of each listed company must evaluate and determine the training needs of its Directors on a continuous basis. The Board is responsible for selecting the relevant courses or seminars, which must be able to aid the Directors in the discharge of their duties and to enhance their skills and knowledge.



## STATEMENT ON CORPORATE GOVERNANCE *(continued)*

### BOARD COMMITTEES

The Board, in discharging its fiduciary duties, is assisted by the following Board Committees, each entrusted with specific tasks and operate within clearly defined terms of reference.

#### Audit Committee

The Audit Committee was established on 14 January 2004. It presently comprises of two Independent Non-Executive Directors and the Managing Director. The Audit Committee Report is set out on pages 15 to 19 of this Annual Report.

#### Nomination Committee

The Nomination Committee was established on 12 May 2004 and comprises of the following members:-

##### **Chairman**

Dato' Nik Ismail bin Dato' Nik Yusoff *(Independent Non-Executive Director)*

##### **Members**

Datuk Mohd Hashim bin Hassan *(Independent Non-Executive Director)*

Prof Dr. Hamzah bin Ismail *(Independent Non-Executive Director)*

The Nomination Committee is responsible for making recommendations to the Board on all new Board and Board Committees appointment. The Nomination Committee will also review the required mix of skills and experience of the directors of the Board in determining the appropriate Board balance and size of non-executive participation.

#### Remuneration Committee

The Remuneration Committee was established on 12 May 2004 and comprises of the following members:-

##### **Chairman**

Datuk Mohd Hashim bin Hassan *(Independent Non-Executive Director)*

##### **Members**

Prof Dr. Hamzah bin Ismail *(Independent Non-Executive Director)*

Dato' Nik Ismail bin Dato' Nik Yusoff *(Independent Non-Executive Director)*

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of Executive Chairman, Managing Director and Executive Directors of the Company in all its forms, drawing from outside advice as necessary. The determination of remuneration packages of Non-Executive Directors is the responsibility of the Board as a whole. Individual directors will abstain from deliberations and voting on decisions in respect of their own remuneration package.



**STATEMENT ON CORPORATE GOVERNANCE** *(continued)***DIRECTORS' REMUNERATION**

The objective of the Company's policy on Directors' remuneration is to attract and retain experienced and capable Directors to run the Group successfully. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The Directors' remuneration paid or payable to all the Directors of the Company for the financial year ended 31 December 2004 are as follows:-

	<b>Fees RM</b>	<b>Salaries RM</b>	<b>Total RM</b>
Executive Director	-	144,000	144,000
Non-Executive Directors	96,000	-	96,000
<b>Total</b>	<b>96,000</b>	<b>144,000</b>	<b>240,000</b>

The number of Directors of the Company whose total remuneration falls within the following bands are as follows:

<b>Range of Remuneration</b>	<b>Executive</b>	<b>Non-Executive</b>
Less than RM50,000	-	4
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	1	-

There is only one Executive Director whose remuneration details have been disclosed as above. The Board is of the view that it's not necessary to give break-up of remuneration of Non-Executive Directors, which is not considered significant.

**SHAREHOLDERS**

The Board acknowledges the need for shareholders to be informed on all material business matters affecting the Group. In addition to the various announcements made, the timely release of financial results on a quarterly basis provides shareholders and the investing public with an overview of the Group's performance and operations.

In addition, the Board encourages full participation by shareholders at every Annual General Meeting and Extraordinary General Meeting of the Company and opportunity is given to the shareholders to make relevant enquiries and seek clarification on the Group's business activities and financial performance.

**ACCOUNTABILITY AND AUDIT****Financial Reporting**

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospect at the end of the financial year; primarily through the annual financial statements and quarterly announcement of results to the shareholders as well as the Chairman's Statement in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.



## STATEMENT ON CORPORATE GOVERNANCE *(continued)*

### Directors' Responsibility Statement in respect of the Audited Financial Statements

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results of the operations, changes in equity and the cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates. The Directors also have a general responsibility for taking such steps to safeguard the assets of the Group and to prevent and detect fraud and irregularities.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company, and ensuring that the financial statements comply with the Act and the applicable approved accounting standards in Malaysia.

### Internal Control

The Statement on Internal Control is set out on page 20 of this Annual Report.

### Relationship with Auditors

The Group has established and maintained an appropriate and transparent relationship with the Group's auditors, both internal and external, particularly in seeking their professional advice and towards ensuring compliance with the accounting standards in Malaysia.

## COMPLIANCE WITH BEST PRACTICES IN CORPORATE GOVERNANCE

The Board is of the opinion that the Group has principally complied with the Best Practices in Corporate Governance as set out in the Code throughout the financial year 2004 save as explained above.

### ADDITIONAL COMPLIANCE INFORMATION

*Pursuant to the Listing Requirements of the Bursa Malaysia Securities Berhad, the following additional information is provided:-*

#### Utilisation of Proceeds

The proceeds raised from the Public Issue has been fully utilised during the financial year ended 31 December 2004 in the following manner:

Working capital	RM3,977,946
Listing expenses	RM2,022,054
	RM6,000,000

#### Share Buybacks

The Company did not have a share buyback programme in place.



## **STATEMENT ON CORPORATE GOVERNANCE** *(continued)*

### **Options, Warrants or Convertible Securities**

During the financial year, there were no options or warrants granted/issued except on 7 January 2004, the Company issued RM18,000,000 nominal value of 3-year 2% Irredeemable Convertible Unsecured Loan Stocks 2004/2007 (ICULS) for the acquisition of a subsidiary company as an integral part of the listing exercise of the Company.

### **American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme**

The Company did not sponsor any ADR or GDR programme.

### **Imposition of Sanctions/Penalties**

There were no public sanctions and/or penalties imposed on the Company and its subsidiary, Directors or Management by the relevant regulatory bodies during the financial year except that on 20 August 2004, Bursa Securities imposed a public reprimand on the Company in respect of the breach of Paragraphs 9.03(1) and 9.11(1) of the Listing Requirements of the Bursa Securities for failure to make an immediate announcement on its proposed private placement of new ordinary shares of RM0.50 each representing up to 10% of the issued and paid-up share capital of the Company and proposed transfer of the listing of and quotation of its securities to the main board of Bursa Securities (collectively to be referred to as "the Proposals") and Paragraph 9.16(1)(a) for replying to Bursa Securities Unusual Market Activity query on 8 March 2004 that the Company has no knowledge of any reasons and was not aware of the existence of any rumour or report which have contributed to the substantial increase in the price in the Company's securities when the Company had already commenced work on the preparation of the Proposals.

### **Non-Audit Fees**

During the financial year, the non-audit fees paid to Messrs KPMG amounted to RM17,850 as the fee for acting as Reporting Accountant in connection to the Company's Proposed Private Placement of new ordinary shares of RM0.50 each representing up to 10% of the issued and paid-up share capital of the Company (Proposed Placement) and Proposed Transfer to the Main Board of the Bursa Securities (Proposed Transfer). This amount was written off to the income statement. The Proposed Placement had been approved by Securities Commission (SC) subject to certain conditions and is now seeking for the shareholders' approval at the forthcoming Extraordinary General Meeting while the Proposed Transfer was not approved by SC on the basis that the Company was not listed on the Second Board for at least one year and it has not met its profit forecast as disclosed in its Prospectus dated 10 February 2004. An appeal has been made to the SC on 26 January 2005 and the Company is currently awaiting SC's decision on the appeal.

### **Variation in Results for Profit Estimate, Forecast or Projection**

A profit forecast for the financial year ended 31 December 2004 was stated in the Prospectus of the Company dated 10 February 2004 for the listing of the Company's shares on the Second Board of the Bursa Securities. The Group results did not differ more than 10% from the forecasted figures stated in the Prospectus.

### **Profit Guarantees**

There were no profit guarantees given by the Company.

### **Material Contracts**

There were no material contracts entered into by the Company and/or its subsidiary involving the Directors' and major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year except for those recurrent related party transactions of a revenue or trading nature entered into for which shareholder' mandate had been secured.



## STATEMENT ON CORPORATE GOVERNANCE *(continued)*

### Recurrent Related Party Transactions of a Revenue or Trading Nature

Breakdown of the aggregate value of recurrent related party transactions conducted pursuant to the shareholders' mandate during the financial year are as follows:

Nature of Transactions	Interested Related Party	Transaction Value for the Financial Year Ended 31 December 2004 RM
Construction works awarded to Lebar Daun Construction Sdn Bhd (LDCSB) by Lebar Daun Development Sdn Bhd (LDDSB)	Norazmi bin Mohamed Nurdin <sup>(1)</sup> Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin <sup>(2)</sup> Noorazhar bin Mohamed Nurdin <sup>(3)</sup>	73,587,089
Letting of office premises to LDDSB by LDCSB	Norazmi bin Mohamed Nurdin <sup>(1)</sup> Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin <sup>(2)</sup> Noorazhar bin Mohamed Nurdin <sup>(3)</sup>	120,000
Letting of office equipment and furniture to LDDSB by LDCSB	Norazmi bin Mohamed Nurdin <sup>(1)</sup> Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin <sup>(2)</sup> Noorazhar bin Mohamed Nurdin <sup>(3)</sup>	30,000
Construction works awarded to LDCSB by Basco Sdn Bhd (BASCO)	Norazmi bin Mohamed Nurdin <sup>(1)</sup> Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin <sup>(2)</sup> Noorazhar bin Mohamed Nurdin <sup>(3)</sup> Norazlan bin Mohamad Nordin <sup>(4)</sup> Fatmawati bt Kasbin <sup>(5)</sup>	20,732,923
Construction works awarded to BASCO by LDCSB	Norazmi bin Mohamed Nurdin <sup>(1)</sup> Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin <sup>(2)</sup> Noorazhar bin Mohamed Nurdin <sup>(3)</sup> Norazlan bin Mohamad Nordin <sup>(4)</sup> Fatmawati bt Kasbin <sup>(5)</sup>	17,641,304

#### Notes:

- (1) Norazmi bin Mohamed Nurdin is the Chairman/Managing Director of Lebar Daun Berhad (LDAUN) and a Director of LDCSB (a wholly-owned subsidiary of LDAUN). He is also a Director of LDDSB.
- (2) Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin is a Non-Independent Non-Executive Director and major shareholder of LDAUN and a Director of LDCSB. He is also a Director and major shareholder of LDDSB.
- (3) Noorazhar bin Mohamed Nurdin is a brother of Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Norazlan bin Mohamad Nordin. He is a Director of LDCSB and LDDSB.
- (4) Norazlan bin Mohamad Nordin is a brother of Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Noorazhar bin Mohamed Nurdin. He is a Director and major shareholder of BASCO and is the spouse of Fatmawati bt Kasbin.
- (5) Fatmawati bt Kasbin is a sister-in-law of Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Noorazhar bin Mohamed Nurdin. She is a Director and deemed major shareholder of BASCO and is the spouse of Norazlan bin Mohamad Nordin.

### Revaluation of Landed Properties

During the financial year, the Company did not have any revaluation policy on landed properties.





## AUDIT COMMITTEE REPORT

### OBJECTIVES

The principal objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practice of the holding company and each of its subsidiary and oversees the compliance with the relevant rules and regulations governing listed companies.

### COMPOSITION

The Audit Committee presently comprises three directors, two of whom are Independent Non-Executive Directors of the Company. As at the date of this Annual Report, the composition of the Audit Committee is as follows:-

#### **Chairman**

Prof Dr. Hamzah Bin Ismail (*Independent Non-Executive Director*)

#### **Members**

Dato' Nik Ismail Bin Dato' Nik Yusoff (*Independent Non-Executive Director*)

Encik Norazmi Bin Mohamed Nurdin (*Chairman / Managing Director*)

### MEETINGS

During the financial year ended 31 December 2004, four (4) Audit Committee Meetings were held and the details of attendance of each Audit Committee member are as follows:-

<b>Audit Committee Members</b>	<b>No. of Meetings Attended</b>
Prof Dr. Hamzah Bin Ismail	4/4
Dato' Nik Ismail Bin Dato' Nik Yusoff	4/4
Encik Norazmi Bin Mohamed Nurdin	4/4

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee has discharged its duties as set out in its Terms of Reference, which accompany this Report. During the year under review, the following were the activities of the Audit Committee:-

- i) Reviewed, discussed and approved the audit plans for the year for the Group and the Company presented by the internal auditor.
- ii) Reviewed the adequacy of the scope, functions and staffing requirements of Group's Internal Audit Department to ensure that it was adequately staffed by employees with the relevant skills, knowledge and experience to enable the Group's Internal Audit Department to perform its role and that it has the necessary authority to carry out its work.





## **AUDIT COMMITTEE REPORT** *(continued)*

- iii) Reviewed the internal audit reports. The Audit Committee was briefed on the audit reports issued and on the issues raised by the internal auditor on various aspects of the system in operation, practices and procedures and internal controls. Special notice was taken of significant issues raised in the audit reports and that adequate corrective actions have been taken by the Operating Management to rectify the weaknesses.
- iv) Reviewed the quarterly results prior to the approval by the Board of Directors focusing particularly on:-
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements.
- v) Reviewed the related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that raises questions of Management integrity.
- vi) Commissioned special reviews on specific areas of operations.

### **INTERNAL AUDIT FUNCTION**

The Audit Committee is supported by an Internal Audit Department, which reports functionally to the Audit Committee and is independent of the activities they conduct.

The Internal Audit Department shall carry out, inter alia, the following activities:-

- i) Formulate and agree with the Audit Committee on the audit plan, strategy and scope of work.
- ii) Review compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assess the adequacy and effectiveness of the Group's internal control system.
- iii) Analyse and assess certain key business processes, report findings and make recommendation to improve the effectiveness and efficiency.
- iv) Assist the Board on the implementation of the Malaysian Code on Corporate Governance.
- v) Other on going assurance and advisory work to the Audit Committee and the Board.

### **TERMS OF REFERENCE**

#### **1. Objectives**

The objective of the Audit Committee is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies. In addition, the Audit Committee shall:-

- a) oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;





## AUDIT COMMITTEE REPORT *(continued)*

- b) maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- c) determine the adequacy of the Group's administrative, operating and accounting controls.

### **2. Membership**

The Audit Committee shall be appointed by the Board from among their number, which fulfils the following requirements:-

- a) the Audit Committee must be composed of no fewer than 3 members;
- b) a majority of the Audit Committee must be independent directors; and
- c) at least one of the 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 3 years' working experience and:-
    - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
    - 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; or
  - iii) fulfils such other requirements as may from time to time be prescribed by the Bursa Malaysia Securities Berhad.

No alternate director of the Board shall be appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of item 2 (a) to (c) above, the vacancy must be filled within 3 months of that event.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.



## AUDIT COMMITTEE REPORT *(continued)*

### 3. Functions

The functions of the Audit Committee are as follows: -

- a) To review the following and report the same to the Board of Directors:-
  - i) with the external auditors, the audit plan;
  - ii) with the external auditors, his evaluation of the system of internal controls;
  - iii) with the external auditors, his audit report;
  - iv) the assistance given by the Company's employees to the external auditors; and
  - v) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
- b) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors;
- c) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d) To review the quarterly results and year-end financial statements before recommending for the Board of Directors' approval, focusing particularly on:-
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements;
- e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- f) To review the external auditors' management letter and management's response;
- g) In relation to Internal Audit function:-
  - Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is 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 appointments or termination of senior staff members of the internal audit function or consultants who will provide the services of the internal audit function;
  - Inform itself of resignations of internal audit staff members or consultants and provide the resigning staff members or consultants an opportunity to submit his reasons for resigning;
  - Review and assess the adequacy of the risk management framework and risk assessment.





## AUDIT COMMITTEE REPORT *(continued)*

- h) To consider the major findings of internal investigations and management's response;
- i) To report to the Bursa Malaysia Securities Berhad matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements; and
- j) To consider other areas as defined by the Board.

### **4. Authority**

The Audit Committee shall, whenever necessary and reasonable for the Company to perform its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

- a) have 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; and
- f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

### **5. Meetings**

The Audit Committee shall meet at least four times a year and shall hold such additional meetings as the Chairman shall decide in order to fulfil its duties. However, at least once a year the Audit Committee shall meet with the external auditors.

In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any committee member of the internal or external auditors.

The Head of Internal Audit Department shall be expected to attend all meetings of the Audit Committee.

The Audit Committee may invite the Company Accountant, the external auditors or any person to be in attendance to assist it in its deliberations.

A quorum shall consist of a majority of independent directors and shall not be less than two.

A resolution in writing, signed by all the committee members shall be as valid and effective as if it had been deliberated and decided upon at a meeting of the Audit Committee.

The Company Secretary shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it in a timely manner, supported by explanatory documentation to committee members prior to each meeting.

The secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to committee members and to the other members of the Board of Directors.



## STATEMENT ON INTERNAL CONTROL

### INTRODUCTION

The Malaysian Code on Corporate Governance sets out the principle that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. Paragraph 15.27(b) of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") requires the Board of Directors of listed companies to include a statement on internal control as a group in its annual report.

### RESPONSIBILITY

The Board of Directors of the Company recognizes the importance of a sound system of internal control as part of good corporate governance within the Group. The Board affirms its overall responsibility for the Group's system of internal control and for the review of its adequacy and integrity. The Group has initiated the formalisation of a system of internal control with on-going processes to:

- Identify, evaluate, monitor and manage significant risk affecting achievement of the Group's business objectives; and
- Review the adequacy and integrity of the Group's system of internal control itself.

However, such a system is designed to manage risk rather than to eliminate risk of failure to achieve the policies and business objectives of the Group. It can only provide reasonable assurance, but not absolute assurance, against material misstatement of management and financial information and records or against financial losses or fraud.

The Board is of the view that the system of internal control in place for the year under review and up to the date of issuance of the annual report and financial statements is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees and the Group's assets.

The management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

### RISK MANAGEMENT FRAMEWORK

The Group's identification and review of risks are carried out during management meetings as an on going process for identifying, evaluating and managing the significant risks faced by the Group. The topics that were discussed included corporate image, environment, health and safety, human resource, product quality and competitors' activities.

The other key elements of the Group's system of internal control are as follows:

- There is an organisation structure, which formally defines and entrenches lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.
- Key functions such as finance, tax, treasury, corporate and legal matters are controlled centrally.
- Management meetings are conducted regularly to review and oversee the Group's financial performance, business development, management and corporate issues.
- The Group produces consolidated monthly management accounts and quarterly performances, which allow the management to focus on areas of concern from the data captured in a sound financial system that captured every single financial transaction.
- The Audit Committee examines the effectiveness of the Group's systems of internal control on behalf of the Board. This is accomplished through review of the internal audit department's work. The internal audit independently reviews the risk identification procedures and control processes implemented by the management and reports to the Audit Committee periodically. Internal audit also reviews the internal controls in the key activities of the Group's business and functional units in accordance with audit plan approved by the Audit Committee and the Board.
- An Employee Handbook clearly emphasises ethical behaviour and working environment to enhance positive corporate values.
- Regular visits to project sites by the Managing Director and senior management.

The Board is cognizant of the importance of maintaining appropriate controls and will continue to review the adequacy and integrity of the Group's system of internal control.





## CHAIRMAN'S STATEMENT

### REVIEW OF THE FINANCIAL YEAR ENDED DECEMBER 31, 2004

The construction industry in 2004 began on an upbeat note but ended with undemanding performance. The domestic market becomes highly competitive, with excess capacity and under-utilised assets. The Government's announcement on cut in public sector projects in the Budget 2005 has a significant impact on the construction activities in Malaysia. New construction jobs are expected to be moderate with the award of smaller-scale jobs worth between RM30.0 Million and RM50.0 Million. Construction companies are expected to sustain earnings in 2005 as they work their present order books but will have to maintain revenue in subsequent years.

Despite challenging conditions in the construction industry, the Group has managed to maintain its profitability for the financial year through its order book of RM1.5 Billion. Whilst the Group is able to say it has enjoyed yet another successful year, the challenging environment it operates in, has tested the Group to enable it to maintain its reputation in the private residential construction jobs.

The Group has continued to focus on private residential subsector as its core activities and is confident that this inclination will bear favourable results in the coming years.

### FINANCIAL PERFORMANCE

The results were largely in line with the Group's expectations. For the year ended 31 December 2004, the Group registered a profit before taxation of RM31.6 Million while the profit after taxation stands at RM21.6 Million. The profit was on the back of turnover of RM267.6 Million.

The improved overall performance was attributed by timely progress of fast-tracking construction works on corporate office of Perbadanan Kemajuan Pertanian Selangor, Booster Pumping Station and the prestigious D' Kayangan development project.

### PROSPECT

Trickling public sector projects and stiffer competition will leave construction companies with little option other than to vie for overseas jobs in 2005. Whilst the residential subsector should continue to provide jobs next year, competition would be stiff. By and large, construction companies are anticipating a relatively slow 2005; the early sign came when the Government announced a decline in public sector projects in the Budget 2005 aimed at narrowing the country's fiscal deficit.

Nevertheless, Master Builders Association Malaysia said private sectors, particularly the residential subsector, would fuel the construction industry's progress in 2005. With finance houses expected to maintain attractive end-financing packages, the continuously high consumer confidence and increasing income levels, together with the highly liquid financial system property sector expect sales of residential units to remain bullish in 2005.

On raw materials used for buildings, the local industry has seen a price increase in steel-related products due to global market rates for the material besides higher transport cost caused by surging crude petroleum prices. The cost of cement, concrete is deemed stable, perhaps due to lower domestic demand. However, overall construction cost for local materials has gone up by 3 to 7 percent for 2004.

Therefore, the Board is cautiously optimistic that the Group's performance will be satisfactory, relative to the performance of the property sectors, as prospects will continue to be dependant on the growth of such sectors. Once the Government begins awarding projects again the Group expects to secure sizeable projects based on the track records shown by the Group previously.

### ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend recognition to the Management and Staff of the Group for their dedication, commitment and hard work. Similarly the Board also appreciates its valued clients, financiers, advisors and shareholders for their continued support and confidence.

Lastly, I would like to register the utmost thanks to my fellow directors for their generous support and invaluable contribution during the year.

**Norazmi Bin Mohamed Nurdin**

Chairman/Managing Director



## DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2004.

### PUBLIC LISTING

The Company was incorporated as a private limited liability company on 28 August 2002 under the Companies Act, 1965 under the name of Angkasa Ganda Sdn Bhd.

On 23 September 2002, the Company was converted to a public limited company under the name Angkasa Ganda Berhad. Subsequently on 10 February 2003, it changed its name to Lebar Daun Berhad and has assumed its present name since.

The Company was admitted to the Official List of the Second Board of the Bursa Malaysia Securities Berhad on 1 March 2004.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary company are described in Note 8 to the financial statements.

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

### RESULTS

	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>
Profit/(Loss) after taxation	<b>21,573,917</b>	<b>(786,607)</b>
Accumulated losses brought forward	<b>(88,650)</b>	<b>(88,650)</b>
Unappropriated profits/(Accumulated losses) carried forward	<b><u>21,485,267</u></b>	<b><u>(875,257)</u></b>

### DIVIDENDS

There were no dividends proposed, declared or paid since the last financial year.

### RESERVES AND PROVISIONS

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





## **DIRECTORS' REPORT** *(continued)*

### **SHARE CAPITAL**

During the financial year, the issued and paid-up share capital of the Company was increased from RM2 to RM59,241,838 by way of:

- (a) Issuance of 113,000,000 ordinary shares of RM0.50 each to finance the acquisition of 100% equity interest in Lebar Daun Construction Sdn. Bhd.
- (b) Share swap involving 483,671 shares of Hiap Aik Construction Berhad of RM1.00 each with 483,671 new ordinary shares of RM0.50 each on the basis of one Hiap Aik Construction Berhad share for one ordinary share of the Company.
- (c) Issuance of Public Issue of 5,000,000 ordinary shares of RM0.50 each at an issue price of RM1.20 per ordinary share to eligible Directors, employees and business associates of the Company.

The new ordinary shares issued during the year rank pari passu in all respects with the existing ordinary shares of the Company.

### **IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")**

On 7 January 2004, the Company issued 18,000,000 of 3 year, 2% ICULS 2004/2007 at a nominal value of RM1.00 each to part finance the acquisition of the entire equity interest in Lebar Daun Construction Sdn Bhd.

Details of the ICULS are disclosed in Note 19 to the financial statements.

### **DIRECTORS OF THE COMPANY**

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

Norazmi bin Mohamed Nurdin

Datuk Mohd Hashim bin Hassan

Prof Dr Hamzah bin Ismail

Dato' Nik Ismail bin Dato' Nik Yusoff

Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin

In accordance with Article 84 of the Company's Articles of Association, Norazmi bin Mohamed Nurdin and Datuk Mohd Hashim bin Hassan retire from the board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.





## DIRECTORS' REPORT *(continued)*

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares and debentures of the Company are as follows:

	<b>Number of ordinary shares of RM0.50 each</b>			
	<b>Balance as at 1.1.2004</b>	<b>Bought</b>	<b>Sold</b>	<b>Balance as at 31.12.2004</b>
<b>Direct Interest</b>				
Norazmi bin Mohamed Nurdin	-	1,581,000	-	1,581,000
Datuk Mohd Hashim bin Hassan	-	50,000	(50,000)	-
Prof Dr Hamzah bin Ismail	-	50,000	-	50,000
Dato' Nik Ismail bin Dato' Nik Yusoff	-	50,000	(50,000)	-
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	-	88,550,000	(2,300,000)	86,250,000
<b>Indirect Interest</b>				
Norazmi bin Mohamed Nurdin	-	88,896,800	(2,318,000)	86,578,800 <sup>(i)</sup>
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	-	2,020,800	(111,000)	1,909,800 <sup>(i)</sup>

	<b>2% Irredeemable Convertible Unsecured Loan Stocks 2004/2007 of RM1.00 each</b>			
	<b>Balance as at 1.1.2004</b>	<b>Bought</b>	<b>Sold</b>	<b>Balance as at 31.12.2004</b>
<b>Direct Interest</b>				
Norazmi bin Mohamed Nurdin	-	1,000	-	1,000
Datuk Mohd Hashim bin Hassan	-	1,000	-	1,000
Prof Dr Hamzah bin Ismail	-	1,000	-	1,000
Dato' Nik Ismail bin Dato' Nik Yusoff	-	1,000	(1,000)	-
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	-	1,000	-	1,000
<b>Indirect Interest</b>				
Norazmi bin Mohamed Nurdin	-	4,000	-	4,000 <sup>(i)</sup>
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	-	4,000	-	4,000 <sup>(i)</sup>

(i) Held by persons connected to the Director.

By virtue of their interests in the Company, the above directors are also deemed to have an interest in the shares of the subsidiary company to the extent the Company has an interest.





## **DIRECTORS' REPORT** *(continued)*

### **DIRECTORS' BENEFITS**

Since the end of the last financial year, no director of the Company has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statement or fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest except as disclosed in Note 27 to the financial statements.

Neither during nor at the end of the financial year, did there subsist any arrangements to which the Company or its subsidiaries was a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

### **OTHER STATUTORY INFORMATION**

Before the income statements and the balance sheets were made out, the directors took reasonable steps:

- i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that no allowance had been made for doubtful debts; and
- ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- i) which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, of the Group and the Company inadequate to any substantial extent; or
- ii) which would render the values attributed to the current assets of the Group and the Company misleading; or
- iii) which would render any amount stated in the financial statements of the Group and the Company misleading; other than those already dealt with in this report and in the relevant financial statements; or
- iv) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

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

- i) any charge on the assets of the Group and the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- ii) any contingent liability in respect of the Group and the Company that has arisen since the end of the financial year except as disclosed in Note 28 to the financial statements.

No contingent liability or other liability of the Group and the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet its obligations as and when they fall due.

In the opinion of the directors, the results of the operations of the Group and the Company for the financial year ended 31 December 2004 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.



## **DIRECTORS' REPORT** *(continued)*

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Significant events during the financial year are disclosed in Note 32 to the financial statements.

### **EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

Events subsequent to the balance sheet date are disclosed in Note 33 to the financial statements.

### **AUDITORS**

The auditors, Messrs. Khairuddin Hasyudeen & Razi, retire and have expressed their willingness to accept re-appointment.

Signed on behalf of the Board in accordance with a resolution of the directors,



**NORAZMI BIN MOHAMED NURDIN**  
Director



**DATO' NIK ISMAIL BIN DATO' NIK YUSOFF**  
Director

Shah Alam.

Dated : 4 April 2005





## STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the directors of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 30 to 60 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2004 and of the results of the operations, changes in equity and the cash flows of the Group and the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors,

**NORAZMI BIN MOHAMED NURDIN**

Director

**DATO' NIK ISMAIL BIN DATO' NIK YUSOFF**

Director

Shah Alam.

Dated : 4 April 2005



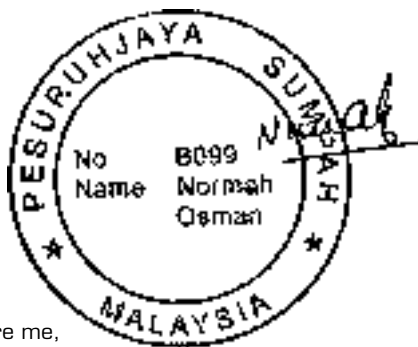
## STATUTORY DECLARATION

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

I, SEE THOO SU JEAN, being the officer primarily responsible for the accounting records and financial management of LEBAR DAUN BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 30 to 60 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
 SEE THOO SU JEAN )  
 at Shah Alam in the state of )  
 Selangor Darul Ehsan on 4 April 2005 )

  
**SEE THOO SU JEAN**



Before me,

26, Tingkat 1, Jln Tengku  
 Ampuan Zehedah A, B/A  
 40100 Shah Alam  
 Selangor Darul Ehsan.





## REPORT OF THE AUDITORS TO THE MEMBERS OF LEBAR DAUN BERHAD

We have audited the financial statements set out on pages 30 to 60 of LEBAR DAUN BERHAD.

The financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (ii) the state of affairs of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date;

and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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

The auditors' report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment made under Section 174 (3) of the Act.

*Khairuddin Hasyudeen & Razi*

**KHAIRUDDIN HASYUDEEN & RAZI**  
AF 1161  
Chartered Accountants

*Ahmad Shahrul bin Hj. Mohamed*

**Ahmad Shahrul bin Hj. Mohamed**  
2138/04/07 (J)  
Partner of the Firm

Kuala Lumpur  
Dated : 4 April 2005



## CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2004

	NOTE	2004 RM
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6	5,536,426
Goodwill on consolidation	7	12,937,742
<b>CURRENT ASSETS</b>		
Trade receivables	9	181,120,672
Other receivables, deposits and prepayments	10	432,731
Amount due from customers for contract work	11(a)	21,523,464
Deposits, cash and bank balances	13	25,004,522
		<u>228,081,389</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	14	84,730,547
Other payables and accruals	15	15,071,551
Amount due to customers for contract work	11(b)	6,615,764
Borrowings	16	29,461,848
Provision for taxation		10,607,904
		<u>146,487,614</u>
NET CURRENT ASSETS		<u>81,593,775</u>
		<u>100,067,943</u>
<b>FINANCED BY:</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	17	59,241,838
Share premium	18	1,477,946
Unappropriated profits		21,485,267
Other reserves	19	599,575
		<u>82,804,626</u>
<b>LONG TERM LIABILITIES</b>		
Irredeemable Convertible Unsecured Loan Stocks	19	17,053,471
Borrowings	16	201,546
Deferred taxation	20	8,300
		<u>100,067,943</u>



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

**CONSOLIDATED INCOME STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	NOTE	2004 RM
Revenue	21	<b>267,574,356</b>
Cost of sales		<b>(231,322,250)</b>
Gross profit		<b>36,252,106</b>
Other operating income		<b>755,742</b>
Administrative expenses		<b>(3,705,272)</b>
Other operating expenses		<b>(800)</b>
Disposal of investment (Note 29)		<b>(241,836)</b>
Amortisation of goodwill		<b>(681,846)</b>
Profit from operations		<b>32,378,094</b>
Finance costs		<b>(822,197)</b>
Profit before taxation	22	<b>31,555,897</b>
Taxation	24	<b>(9,981,980)</b>
Net profit after tax		<b>21,573,917</b>
Earnings per share (sen)	25	<b>18.20</b>
Diluted earnings per share (sen)	25	<b>16.06</b>





## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Non Distributable		Distributable		Total
	Share capital	Share Premium	Other reserves	Unappropriated (losses) / profits	
	RM	RM	RM	RM	RM
Balance as at 1 January 2004	2	-	-	(88,650)	(88,648)
Issuance during the year :					
- 113,000,000 ordinary shares of RMO.50 each.	56,500,000	-	-	-	56,500,000
- 483,671 ordinary shares of share swap of RMO.50.	241,836	-	-	-	241,836
- 5,000,000 ordinary shares of RMO.50 each issued pursuant to the initial Public Offering at an issue price of RM1.20 each.	2,500,000	3,500,000	-	-	6,000,000
Shares issued and Listing expenditure	-	(2,022,054)	-	-	(2,022,054)
ICULS (equity component), net of tax	-	-	599,575	-	599,575
Net profit for the year	-	-	-	21,573,917	21,573,917
Balance as at 31 December 2004	<u>59,241,838</u>	<u>1,477,946</u>	<u>599,575</u>	<u>21,485,267</u>	<u>82,804,626</u>



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

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	2004 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from customers	152,277,499
Cash payments to suppliers	(185,501,495)
Cash payments to employees and for administrative expenses	(732,078)
Cash used in operations	<u>(33,956,074)</u>
Interest received	583,413
Rental received	155,850
Tax paid	(13,380,990)
Interest paid	(477,662)
<i>Net cash used in operating activities</i>	<u>(47,075,463)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Received from pledged fixed deposits	10,936,270
Purchase of property, plant and equipment (Note 26)	(65,406)
Proceed from disposal of property, plant and equipment	145,000
Acquisition of subsidiary, Lebar Daun Construction Sdn. Bhd., net of cash acquired (Note 31)	18,854,991
<i>Net cash generated from investing activities</i>	<u>29,870,855</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Listing expenses	(22,054)
Proceeds from issuance of shares	6,000,000
Repayment of hire purchase creditors	(752,559)
Net increase in short term borrowings	23,030,992
<i>Net cash provided by financing activities</i>	<u>28,256,379</u>
<b>Net increase in cash and cash equivalents</b>	<b>11,051,771</b>
<b>Cash and cash equivalents brought forward</b>	<b>2</b>
<b>Cash and cash equivalents carried forward (Note 13)</b>	<u><b>11,051,773</b></u>



## BALANCE SHEET

AS AT 31 DECEMBER 2004

	NOTE	2004 RM	2003 RM
<b>NON-CURRENT ASSET</b>			
Investment in a subsidiary company	8	<b>74,500,000</b>	-
<b>CURRENT ASSETS</b>			
Other receivables, deposits and prepayment	10	<b>50,000</b>	-
Amount due from a subsidiary company	12	<b>3,757,531</b>	-
Cash and bank balances	13	<b>1,498</b>	2
		<b>3,809,029</b>	2
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	15	<b>462,098</b>	88,650
Provision for taxation		<b>2,404</b>	-
Borrowings	16	<b>346,954</b>	-
		<b>811,456</b>	88,650
NET CURRENT ASSETS/(LIABILITIES)		<b>2,997,573</b>	(88,648)
		<b>77,497,573</b>	(88,648)
<b>FINANCED/(REPRESENTED) BY:</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	17	<b>59,241,838</b>	2
Share premium	18	<b>1,477,946</b>	-
Accumulated losses		<b>(875,257)</b>	(88,650)
Other reserves		<b>599,575</b>	-
		<b>60,444,102</b>	(88,648)
<b>LONG TERM LIABILITY</b>			
Irredeemable Convertible Unsecured Loan Stocks	19	<b>17,053,471</b>	-
		<b>77,497,573</b>	(88,648)



## INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	NOTE	2004 RM	2003 RM
Revenue	21	-	-
Cost of sales		-	-
Gross profit		-	-
Other operating income		<b>45,312</b>	-
Administrative expenses		<b>(223,298)</b>	(79,300)
Loss on disposal of investment (Note 33)		<b>(241,836)</b>	-
Loss from operations		<b>(419,822)</b>	(79,300)
Finance costs		<b>(354,098)</b>	-
Loss before taxation	22	<b>(773,920)</b>	(79,300)
Taxation	24	<b>(12,687)</b>	-
Net loss after tax		<b>(786,607)</b>	(79,300)



## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Non Distributable		Distributable		Total
	Share capital	Share Premium	Other reserves	Unappropriated (losses) / profits	
	RM	RM	RM	RM	RM
Balance as at 1 January 2004	2	-	-	(88,650)	(88,648)
Issuance during the year :					
- 113,000,000 ordinary shares of RMO.50 each.	56,500,000	-	-	-	56,500,000
- 483,671 ordinary shares of share swap of RMO.50.	241,836	-	-	-	241,836
- 5,000,000 ordinary shares of RMO.50 each issued pursuant to the initial Public Offering at an issue price of RM1.20 each.	2,500,000	3,500,000	-	-	6,000,000
Shares issued and Listing expenditure	-	(2,022,054)	-	-	(2,022,054)
ICULS (equity component), net of tax	-	-	599,575	-	-
Net profit for the year	-	-	-	(786,607)	(786,607)
Balance as at 31 December 2004	<u>59,241,838</u>	<u>1,477,946</u>	<u>599,575</u>	<u>(875,257)</u>	<u>59,844,527</u>



## CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	2004 RM	2003 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash payments for administrative expenses	<b>(253,948)</b>	-
	<b>(253,948)</b>	-
Interest received	<b>45,312</b>	-
Tax paid	<b>(10,283)</b>	-
<i>Net cash used in operating activities</i>	<b>(218,919)</b>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Advances to subsidiary company	<b>(3,757,531)</b>	-
<i>Net cash used in investing activities</i>	<b>(3,757,531)</b>	-
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Listing expenses	<b>(2,022,054)</b>	-
Proceed from issuance of shares	<b>6,000,000</b>	-
<i>Net cash provided by financing activity</i>	<b>3,977,946</b>	-
<b>Net increase in cash and cash equivalents</b>	<b>1,496</b>	2
<b>Cash and cash equivalents brought forward</b>	<b>2</b>	-
<b>Cash and cash equivalents carried forward (Note 13)</b>	<b>1,498</b>	2



## **NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2004

### **1. CORPORATE INFORMATION**

- (a) The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of Bursa Malaysia Securities Berhad.
- (b) The principal activity of the Company is investment holding. The principal activities of the subsidiary company are described in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.
- (c) The principal place of business and registered office is located at Wisma Lebar Daun, No. 2, Jalan Tengku Ampuan Zabedah J9/J, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan.
- (d) The financial statements are presented in Ringgit Malaysia.

### **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and in compliance with applicable approved accounting standards in Malaysia.

### **3. DATE OF AUTHORISATION OF ISSUE**

The financial statements were authorised for issue by the Board of Directors on 4 April 2005 .

### **4. FINANCIAL RISK MANAGEMENT POLICIES**

The Group and the Company'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 risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transaction.

The main areas of financial risks faced by the Group and the Company in respect of the major areas of treasury activity are set out as follows:

#### **(a) Foreign currency risk**

The Group and the Company do not have material foreign currency transactions, asset or liabilities and hence are not exposed to any significant or material currency risks.

#### **(b) Interest rate risk**

The Group and the Company obtain financing through bank borrowings and hire purchase. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with reputable financial institutions at the most favourable interest rates.

#### **(c) Market risk**

The Group and the Company do not have any quoted investments and hence is not exposed to market risks.





## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 DECEMBER 2004

### 4. FINANCIAL RISK MANAGEMENT POLICIES *(CONT'D)*

#### (d) Credit risk

The Group and the Company's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from cash deposits and receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group and the Company manage its exposure to credit risk by investing its cash assets safely and profitably, and by monitoring procedures on an ongoing basis.

#### (e) Liquidity and cash flow risks

The Group and the Company's exposure to liquidity and cashflow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year except for the adoption of FRS 112, Income Taxes and FRS 119, Employee Benefits which are applied prospectively. Apart from the inclusion of the extended disclosure required by the standard, the adoption of these standards have not had any effect on the financial statements.

#### (a) Basis of accounting

The financial statements of the Group and the Company have been prepared under the historical cost, unless otherwise indicated in the individual accounting policies.

#### (b) Revenue recognition

Revenue from contract work is recognised on the percentage of completion method determined on the proportion of cost incurred to date against total estimated cost in cases where the outcome of the contract can be reliably estimated. In cases where the outcome of the contract cannot be reliably estimated, the revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable. In all cases, anticipated losses are provided for in full.

Revenue from contract work represents the proportionate contract value on construction contracts attributable to the percentage of contract work performed during the financial year.

The Company changed its revenue recognition from percentage of completion method based on survey of works performed against contract value to the proportion of cost incurred to date against total estimated cost.

The changes of the accounting policy give rise to a difference amounting to RM1,463,000 being attributable profit under recognised in previous year. The difference does not constitute a prior year adjustment as the effect to the cumulative attributable profit is immaterial. As a result, this amount is accounted for in the current year income statement.

Rental and interest income are recognised on accrual basis unless collectibility is in doubt.





## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 DECEMBER 2004

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

#### (c) **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary company made up to the end of the financial year using the acquisition method of accounting.

The difference between the purchase price and the fair value of the net assets of the subsidiary company at the date of acquisition is treated as goodwill or negative goodwill arising on consolidation. Goodwill on consolidation is stated at cost less impairment losses, if any. Negative goodwill arising on consolidation is not recognised as income and is presented as a separate item in the balance sheet. The results of the subsidiary company acquired or disposed off during the financial year are included in the consolidated financial statements from the date of their acquisition or up to the date of their disposal. Goodwill is amortised over 20 years.

All intra group transactions and balances are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The financial statements of the parent and its subsidiary are all drawn up to the same reporting date.

Minority interest is measured at the minorities' shares of the post-acquisition fair values of the identifiable assets and liabilities of the acquiree.

#### (d) **Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 5 (p).

Freehold land is depreciated on a straight line method using the same rate of the freehold building due to the freehold land cost on which the building is located cannot be segregated.

Depreciation of property, plant and equipment is calculated 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 rates:

Building and land	2%
Motor vehicles	20%
Plant and machinery	10%
Renovation	10%
Office equipment	10% - 40%
Furniture and fittings	10%
Telecommunication equipment	10%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to retained profits.

#### (e) **Borrowing costs**

Interest costs on borrowings to finance the construction works are capitalised as part of the construction work in progress.

Other borrowing costs are charged to the income statement as and when incurred.



**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

31 DECEMBER 2004

**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(CONT'D)***(f) Construction contracts**

When the outcome of a construction contract is all fixed price contract and where the outcome can be estimated reliably, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that cost incurred to date bear to the estimated total costs, and for this purpose only those costs that reflect actual contract work performed are included as costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable to be recoverable and contract costs are recognised as expenses when incurred.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

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

The aggregate of the costs incurred plus the attributable profit or foreseeable losses recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred plus attributable profits or less foreseeable losses exceed progress billings, the balance is shown as amounts due from customers on contract works. Where progress billings exceed costs incurred plus attributable profits or less foreseeable losses, the balance is shown as amount due to customers on contract works.

**(g) Investment in subsidiary company**

Investment in subsidiary company is stated at cost less written down for permanent diminution in value of investment. Provision for permanent diminution is only made where in the opinion of the directors there is a permanent diminution in value. Permanent diminution in the value of an investment is recognised as an expense in the period in which the diminution is identified.

**(h) Hire purchase assets**

The cost of assets acquired under hire purchase agreement is capitalised. The depreciation policy on these assets is similar to that of the other property, plant and equipment as set out in Note 5(d). Outstanding obligations due under the hire purchase agreements after deducting finance expenses are included as liabilities in the financial statements. Finance expenses pertaining to the hire purchase are charged to the income statement over the duration of the hire purchase agreement.

**(i) Income taxes**

Income tax in the income statement for the financial year comprises current tax expense and deferred tax.

Current tax expense is the expected amount of income tax payable in respect of the taxable profit for the year, using tax rates that have been enacted at the balance sheet date.

Deferred taxation is provided for under the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements including unused tax losses and capital allowances.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

**(j) Liabilities**

Borrowings and other payables are stated at cost.



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 DECEMBER 2004

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

#### (k) Provisions

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

#### (l) Cash and cash equivalents

Cash comprise of cash at bank and cash in hand including bank overdraft and deposits. Cash equivalents comprises of investments maturing within twelve months from the date of acquisition and which are readily convertible to known amount of cash and subject to an insignificant risk of change in value. Deposits held as pledge securities for banking facilities are not included as cash and cash equivalents.

#### (m) Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for bad and doubtful debts based on a review of all outstanding amounts at the year end.

#### (n) Share capital

Ordinary shares are recorded at the nominal value and proceeds received in excess of the nominal value of shares issued, if any, are accounted for as share premium are classified as equity. Costs incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the income statement.

External costs directly attributable to the issue of new shares are shown as a deduction in equity.

#### (o) Financial instruments

Financial instruments carried on the balance sheet included cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

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 liability are reported as expense or income. Distributions to holders of financial instruments are offset when the Group and the Company have a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### (i) Ordinary shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise they are charged to the income statement. Dividends to shareholders are recognised in equity in the period in which they are declared and approved.

#### (ii) 2% Irredeemable Convertible Unsecured Loan Stocks 2004/2007 ("ICULS")

ICULS is a compound instrument which contains both a liability component and an equity component. The fair value of the liability component is determined by discounting the future contractual cash flows of principal and interest payments at the prevailing market rate for equivalent non-convertible loan stocks. This amount is carried as liability on the amortised cost basis until extinguished on conversion or maturity of the instrument.

The fair value of the equity component represented by the conversion option is determined by deducting the fair value of the liability component from the notional amount of the loan stocks and is included in shareholders' equity.



**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

31 DECEMBER 2004

**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(CONT'D)***(iii) Other financial instruments**

The accounting policies for other financial instruments recognised on the balance sheet are disclosed in the individual policy associated with each item.

**(p) Impairment of assets**

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalue asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount.

A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

**(q) Employee benefits****(i) Short term employee benefits**

Salaries, wages, bonuses, allowances, paid annual leave, medical leave and non-monetary benefits are recognised as an expense in the financial year in which the services are rendered by the employees of the Group and the Company.

**(ii) Defined contribution plan**

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further obligations.

**(iii) Termination benefits**

Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy or after individual employees have been advised of the specific terms.



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 DECEMBER 2004

### 6. PROPERTY, PLANT AND EQUIPMENT

#### Group

	COST			Balance as at 31.12.2004 RM
	Acquisition of subsidiary company RM	Additions RM	Disposals RM	
	Freehold land and buildings	750,000	-	
Leasehold land and buildings	3,566,005	-	-	3,566,005
Motor vehicles	2,955,204	198,773	(414,101)	2,739,876
Plant and machinery	463,530	-	-	463,530
Renovation	48,733	-	-	48,733
Office equipment	319,987	39,429	-	359,416
Furniture and fittings	148,140	13,505	-	161,645
Telecommunication equipment	26,039	299	-	26,338
	<b>8,277,638</b>	<b>252,006</b>	<b>(414,101)</b>	<b>8,115,543</b>

	ACCUMULATED DEPRECIATION			Balance as at 31.12.2004 RM
	Acquisition of subsidiary company RM	Additions RM	Disposals RM	
	Freehold land and buildings	105,000	15,000	
Leasehold land and buildings	-	71,320	-	71,320
Motor vehicles	1,572,899	450,066	(295,312)	1,727,653
Plant and machinery	149,788	31,431	-	181,219
Renovation	45,406	3,327	-	48,733
Office equipment	233,253	71,394	-	304,647
Furniture and fittings	101,078	15,250	-	116,328
Telecommunication equipment	3,964	5,253	-	9,217
	<b>2,211,388</b>	<b>663,041</b>	<b>(295,312)</b>	<b>2,579,117</b>



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 DECEMBER 2004

### 6. PROPERTY, PLANT AND EQUIPMENT *(CONT'D)*

	<b>NET BOOK VALUE</b>
	<b>RM</b>
Freehold land and buildings	<b>630,000</b>
Leasehold land and buildings	<b>3,494,685</b>
Motor vehicles	<b>1,012,223</b>
Plant and machinery	<b>282,311</b>
Renovation	-
Office equipment	<b>54,769</b>
Furniture and fittings	<b>45,317</b>
Telecommunication equipment	<b>17,121</b>
	<b>5,536,426</b>

Included in the property, plant and equipment are motor vehicles acquired under hire purchase arrangement with carrying value of RM872,665.

The land and buildings with the carrying value of RM630,000 were pledged to a licensed bank to secure banking facilities granted to the Group as disclosed in Note 16.

### 7. GOODWILL ON CONSOLIDATION

	<b>Group 2004 RM</b>
Arising from acquisition of a subsidiary company during the financial year (Note 31)	<b>13,619,588</b>
Less: Amortisation of goodwill	<b>(681,846)</b>
Carrying amount as at 31 December	<b>12,937,742</b>



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 DECEMBER 2004

### 8. INVESTMENT IN A SUBSIDIARY COMPANY

Arising from acquisition of a subsidiary company

	<b>Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares		
- At cost	<b><u>74,500,000</u></b>	<u>-</u>

<b><u>Name of company</u></b>	<b><u>Group's effective Interest (%)</u></b>	<b><u>Principal activities</u></b>
	<b>2004</b>	
Lebar Daun Construction Sdn Bhd ("LDCSB")	<b>100</b>	Civil and building construction works

The above subsidiary Company was incorporated in Malaysia.

### 9. TRADE RECEIVABLES

	<b>Group 2004 RM</b>
Trade receivables	<b>142,887,526</b>
Retentions sums	<b>38,233,146</b>
	<b><u>181,120,672</u></b>

Included in trade receivables and retention sums of the Group are amounts due from related parties are as follows:

	<b>Group</b>	
	<b>Total Receivable</b>	<b>Retentions Sums</b>
	<b>RM</b>	<b>RM</b>
Lebar Daun Development Sdn Bhd	<b>58,701,858</b>	<b>15,760,160</b>
Basco Sdn Bhd	<b><u>15,663,361</u></b>	<b><u>3,929,326</u></b>

The nature of the relationship with the above related parties is disclosed in Note 27.



**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

31 DECEMBER 2004

**10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

Included in other receivables, deposits and prepayments of the Company is an amount of RM50,000 due to retention monies for the purpose of Special Administrator appointed for restructuring cost pursuant to the Restructuring Scheme of Hiap Aik Construction Berhad.

**11. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK**

	<b>Group 2004 RM</b>
Cost incurred to date	<b>478,646,109</b>
Attributable profit	<b>104,374,861</b>
	<b>583,020,970</b>
Less: Progress billings	<b>(568,113,270)</b>
	<b>14,907,700</b>
(a) Amount due from customers for contract work	<b>21,523,464</b>
(b) Amount due to customers for contract work	<b>(6,615,764)</b>
	<b>14,907,700</b>

Included in cost incurred to date are the followings:

	<b>Group 2004 RM</b>
Depreciation	<b>149,189</b>
Interest expense	
- trust receipt	<b>17,447</b>
- short term advance	<b>450,880</b>

**12. AMOUNT DUE FROM A SUBSIDIARY COMPANY**

The amount due from a subsidiary company represents payments made on behalf which are unsecured, interest free and has no specific terms of repayment.





## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 DECEMBER 2004

### 13. CASH AND CASH EQUIVALENTS

	<b>Group</b>	<b>Company</b>	
	<b>2004</b>	<b>2004</b>	2003
	<b>RM</b>	<b>RM</b>	RM
Deposits with licensed banks	<b>21,972,972</b>	-	-
Cash in hand and at banks	<b>3,031,550</b>	<b>1,498</b>	2
	<hr/>	<hr/>	<hr/>
Deposits, cash and bank balances	<b>25,004,522</b>	<b>1,498</b>	2
Bank overdrafts (Note 16)	<b>(3,641,730)</b>	-	-
Less: Fixed deposits pledged with licensed banks	<b>(10,311,019)</b>	-	-
	<hr/>	<hr/>	<hr/>
	<b>11,051,773</b>	<b>1,498</b>	2

The fixed deposits of the Group amounting to RM10,311,019 was pledged to the licensed banks as security for performance guarantees given to the customers (Note 28).

### 14. TRADE PAYABLES

Included in the trade payables of the Group are amount due to a related party as follows:

	<b>Group</b>
	<b>2004</b>
	<b>RM</b>
Basco Sdn Bhd	
- trade balance	<b>11,482,226</b>
- retention sums	<b>1,875,614</b>
	<hr/>

The nature of the relationship with the above related party is disclosed in Note 27.

### 15. OTHER PAYABLES AND ACCRUALS

Included in the other payables and accruals of the Group are advance payments from customers amounting to RM14,306,005.



**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

31 DECEMBER 2004

**16. BORROWINGS**

	<b>Group 2004 RM</b>
<u>Current secured:</u>	
Bank overdrafts (Note 13)	<b>3,641,730</b>
Hire purchase liabilities	<b>459,172</b>
Bankers acceptance	<b>1,165,000</b>
Revolving credit	<b>1,668,000</b>
Short term advance	<b>22,180,992</b>
	<b>29,114,894</b>
<u>Non-current secured:</u>	
Hire purchase liabilities	<b>201,546</b>
<u>Current unsecured:</u>	
ICULS (Note 19)	<b>346,954</b>
	<b>29,663,394</b>
<u>Hire purchase liabilities</u>	
Minimum hire purchase payments	
- not later than 1 year	<b>486,810</b>
- later than 1 year and not later than 5 years	<b>208,868</b>
	<b>695,678</b>
Future finance charges on hire purchase liabilities	<b>(34,960)</b>
Present value of hire purchase liabilities	<b>660,718</b>
<u>Present value of hire purchase liabilities</u>	
minimum hire purchase payments	
- not later than 1 year	<b>459,172</b>
- later than 1 year and not later than 5 years	<b>201,546</b>
	<b>660,718</b>

The first bank overdraft bears interest at 1.75% to 2% per annum above the bank's Base Lending Rate and is secured by the followings:

- (a) third party first legal charge of RM2,500,000 over properties owned by a director; and
- (b) personal guarantee for RM2,500,000 by a director.

The second bank overdraft bears interest at 5.5% per annum and is secured by the followings:

- (a) third party first legal charge of RM2,000,000 over properties owned by a director;
- (b) personal guarantee for RM2,000,000 by a director; and
- (c) corporate guarantee by Credit Guarantee Corporation Malaysia Berhad for RM640,000.



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 DECEMBER 2004

### 16. BORROWINGS *(CONT'D)*

The third bank overdraft bears interest at 2% per annum above the Bank's Base Lending Rate and is secured by the followings:

- (a) registered charge of RM2,000,000 over properties owned by the Company; and
- (b) corporate guarantee for RM2,000,000 by Lebar Daun Berhad.

The first bankers acceptance bears interest at 2% per annum from the date of claim until date of repayment thereof. It is secured and guaranteed by the followings:

- (a) registered charge of RM2,000,000 over properties owned by the Company; and
- (b) corporate guarantee of Lebar Daun Berhad for RM2,000,000

The second bankers acceptance bears interest at 1.5% per annum from the date of claim until date of repayment thereof. It is secured and guaranteed by the followings:

- (a) registered charge of RM400,000 over fixed deposit of RM954,000; and
- (b) personal guarantee by a director.

The revolving credit bears interest at 0.5% per annum above the bank's Base Lending Rate calculated on daily rest basis. It is repayable by 36 equal monthly instalments. It is secured and guaranteed by the followings:

- (a) third party first legal charge over properties owned by an affiliated company; and
- (b) personal guarantee by a director.

The short term advance bears interest at 2% per annum above the bank's Base Lending Rate from the date of claim until date of repayment thereof. It is secured and guaranteed by the followings:

- (a) deed of assignment of benefit of contract from one of the Company's projects; and
- (b) corporate guarantee of Lebar Daun Berhad for RM40,000,000

Interest rate on hire purchases for the financial year range from 3.3% to 5.0% .

### 17. SHARE CAPITAL

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Authorised:		
As at beginning of the financial year		
100,000 ordinary shares of RM1.00 each	-	100,000
Sub-divided into RM0.50 each to		
during the financial year	-	(100,000)
As at end of the financial year	<u>-</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

31 DECEMBER 2004

**17. SHARE CAPITAL** *(CONT'D)*

	<b>Group and Company</b>	
	<b>2004</b>	2003
	<b>RM</b>	RM
Authorised:		
As at beginning of the financial year		
500,000,000 ordinary shares of RM0.50 each	<b>250,000,000</b>	-
Sub-divided from RM1.00 each to RM0.50 each during the financial year		
200,000 ordinary shares of RM0.50 each	-	100,000
Created during the financial year		
499,800,000 ordinary shares of RM0.50 each	-	249,900,000
As at end of the financial year	<b><u>250,000,000</u></b>	<b><u>250,000,000</u></b>

	<b>Group and Company</b>	
	<b>2004</b>	2003
	<b>RM</b>	RM
Issued and paid-up:		
Balance as at 1 January		
4 ordinary shares of RM0.50 each	<b>2</b>	-
Issued during the year		
4 ordinary shares of RM0.50 each	-	2
- Consideration for the acquisition of subsidiary company		
113,000,000 ordinary shares of RM0.50 each	<b>56,500,000</b>	-
- Issued in consideration of acquisition of Hiap Aik Construction Berhad		
483,672 ordinary shares of RM0.50 each	<b>241,836</b>	-
- Issued during listing of Company on Bursa Malaysia Securities Berhad		
5,000,000 ordinary shares of RM0.50 each	<b>2,500,000</b>	-
As at end of the financial year	<b><u>59,241,838</u></b>	<b><u>2</u></b>



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 DECEMBER 2004

### 18. SHARE PREMIUM

	Group and Company	
	2004	2003
	RM	RM
Arising from public issues of 5,000,000 shares at an issue price of RM1.20 per ordinary share	3,500,000	-
Less: Listing expenses	(2,022,054)	-
	<u>1,477,946</u>	<u>-</u>

### 19. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

	Group and Company	
	2004	2003
	RM	RM
<u>Non current</u> Irredeemable Convertible Unsecured Loan Stocks (ICULS) at a nominal value of RM1.00 each.	<u>18,000,000</u>	<u>-</u>

On 7 January 2004, the Company issued 18,000,000 of 3 year 2% ICULS 2004/2007 at a nominal value of RM1.00 each in relation to the acquisitions of a subsidiary company.

The principal terms of the ICULS are as follows:

(a) Form and denomination

ICULS are issued in registered form and in multiples of RM1.00 nominal value each.

(b) Tenure, maturity date and interest rate

Tenure for ICULS is three (3) years. Maturity date for ICULS is the date falling three (3) years from the date of the issue of ICULS. ICULS interest is at 2% per annum payables in arrears annually on the first and second anniversary of the issue date and the last interest payment shall be made on the maturity date of the ICULS.

(c) Conversion rights

Each registered ICULS holder shall have the right to convert all or part of his ICULS into fully paid new ordinary shares of the Company at the conversion price during the conversion period.

All ICULS converted under the Trust Deed shall cease to carry interest from and including the conversion date.

The new ordinary shares issued and allotted on conversion of the ICULS shall rank *pari passu* in all respects with the then existing issued shares save for any dividends, rights, allotments and/or other distributions of which their respective entitlement dates are before the conversion date of the ICULS.

(d) Conversion price and mode of conversion

The ICULS will be converted on the basis of RM1 per new ordinary share of RM0.50 each. The conversion price shall be satisfied by tendering one (1) ICULS of RM1.00 each for cancellation for one (1) new ordinary share to be credited as issued and fully paid-up share capital of the Company.



**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

31 DECEMBER 2004

**19. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")** *(CONT'D)*

## (e) Redeemability

The ICULS is non-redeemable for cash. Unless previously converted, all outstanding ICULS will be mandatorily converted into new ordinary shares in the Company at the conversion price on the maturity date.

## (f) Security and status

The ICULS is unsecured and unconditional obligations of the Company.

## (g) Rights of ICULS holders on the event of default

Upon the occurrence of such an event of default, the ICULS holders, may by way of a special resolution, direct the trustee by giving notice in writing to the Company to declare the ICULS then outstanding as being immediately payable by the Company.

## (h) Listing

ICULS is admitted to the Second Board of the Bursa Malaysia Securities Berhad.

## (i) Trust Deed

ICULS are constituted by a trust deed executed by the Company and AmTrustees Berhad dated 7 January 2004. The trustee acts on the benefit of the holders of the ICULS. The ICULS and the trust deed is governed by and construed in accordance with the laws of Malaysia.

The fair values of the liability component and the equity conversion component were determined upon the issue of the ICULS in accordance with FRS 132 "Financial Instruments: Disclosure and Presentation". The fair value of the liability component, included in non-current borrowings, was calculated using a market interest rate for an equivalent non-convertible loan stock. The residual amount, representing the value of the equity conversion component, net of deferred tax liability, is included in shareholders' equity as other reserves.

The ICULS is recognised in the balance sheet as follows:

	<b>Group 2004 RM</b>
Face value of ICULS issued on 7 January 2004, net of transaction costs	<b>18,000,000</b>
Equity conversion component (other reserves)	<b>(599,575)</b>
Liability component at 31 December 2004	<b><u>17,400,425</u></b>
Current (Note 16)	<b>346,954</b>
Non-current	<b><u>17,053,471</u></b>
	<b><u>17,400,425</u></b>

Interest expense on the ICULS is calculated on the effective yield basis by applying the effective interest rate (3.76%) for an equivalent non-convertible loan stock to the liability component of the ICULS.



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 DECEMBER 2004

### 20. DEFERRED TAXATION

	<b>Group 2004 RM</b>
As at beginning of the financial year	<b>57,562</b>
Deferred tax expense relating to origination and reversal of temporary differences	<b>(49,262)</b>
As at end of the financial year	<b>8,300</b>

The balance in the deferred taxation is made up of tax effects of temporary differences arising from:

	<b>Group 2004 RM</b>
Capital allowances in excess of depreciation	<b>29,800</b>
Deferred tax liabilities reflected in the financial statements at 28%	<b>8,300</b>

### 21. REVENUE

Revenue of the Group represents the value of contract income recognised from the construction projects.

### 22. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging the following items:

	<b>Group 2004 RM</b>	<b>Company 2004 RM</b>	2003 RM
Auditors' remuneration	<b>65,000</b>	<b>10,000</b>	2,000
Bad debts written off	<b>3,200</b>	-	-
Depreciation - Administrative	<b>513,852</b>	-	-
- Cost of sales	<b>149,189</b>	-	-
Directors' remuneration (Note 23)	<b>377,000</b>	<b>96,000</b>	-
Loss on disposal of investments	<b>241,836</b>	<b>241,836</b>	-
Interest expense on:			
- hire purchase	<b>61,172</b>	-	-
- ICULS	<b>354,098</b>	<b>354,098</b>	-
- term loan	<b>64,383</b>	-	-
- bank overdraft	<b>342,544</b>	-	-
and crediting:			
Gain on disposal of property, plant and equipment	<b>26,211</b>	-	-
Interest income	<b>596,144</b>	<b>45,312</b>	-
Rental of building	<b>123,900</b>	-	-
Rental of equipment	<b>30,000</b>	-	-



**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

31 DECEMBER 2004

**23. DIRECTORS' REMUNERATION**

	<b>Group 2004 RM</b>	<b>Company 2004 RM</b>	2003 RM
Executive Directors - Salaries	<b>281,000</b>	-	-
Non Executive Directors - Fees	<b>96,000</b>	<b>96,000</b>	-
	<b><u>377,000</u></b>	<b><u>96,000</u></b>	-

The number of directors of the Company whose remuneration are analysed into bands of RM150,000 as follows:

	<b>Group Number of Directors 2004</b>	2003
<u>Executive Directors</u>		
RM1 - RM150,000	<b>2</b>	-
<u>Non Executive Directors</u>		
RM1 - RM150,000	<b>4</b>	-
	<b><u>6</u></b>	-

For security and confidentiality reasons, the details of Directors' remuneration are not disclosed with reference to Directors individually.

**24. TAXATION**

	<b>Group 2004 RM</b>	<b>Company 2004 RM</b>	2003 RM
Current income tax expense	<b>9,432,462</b>	<b>12,687</b>	-
Under provision of taxation in previous year	<b>598,780</b>	-	-
Deferred tax expense relating to origination and reversal of temporary differences	<b>(49,262)</b>	-	-
	<b><u>9,981,980</u></b>	<b><u>12,687</u></b>	-

Reconciliation of tax expense with accounting profit:

	<b>Group 2004 RM</b>	<b>Company 2004 RM</b>	2003 RM
Accounting profit/(loss)	<b>31,555,897</b>	<b>(773,920)</b>	(79,300)
Tax at the current income tax rate of 28%	<b>8,835,700</b>	<b>(216,698)</b>	(22,204)
Tax effect in respect of:			
Non-allowable expenses	<b>596,762</b>	<b>229,385</b>	22,204
Under provision of taxation in previous year	<b>598,780</b>	-	-
Deferred tax expenses relating to origination and reversal of temporary differences	<b>(49,262)</b>	-	-
Tax expense	<b><u>9,981,980</u></b>	<b><u>12,687</u></b>	-

Subject to agreement with the Inland Revenue Board, the subsidiary company has adequate tax credit under Section 108 of the Income Tax Act, 1967 up to RM46,037,000 to frank dividends out of its entire unappropriated profits without incurring any tax liabilities.





## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 DECEMBER 2004

### 25. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	<b>Group 2004 RM</b>
Net profit attributable to shareholders (RM)	<b>21,573,917</b>
Weighted average number of ordinary shares in issue	<b>118,483,675</b>
Basic earnings per share (sen)	<b>18.20</b>

(b) Diluted earnings per share

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

For the purpose of calculating diluted earnings per share, the net profit for the year and the weighted average number of shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from the conversion of ICULS. The amount of net profit for the year is adjusted by the after tax effect of interest expense recognised during the financial year which would have been saved on conversion of the outstanding ICULS into ordinary shares. The adjusted weighted average number of shares is the weighted number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the conversion of the outstanding ICULS into ordinary shares. The ICULS are deemed to have been converted into ordinary shares at the date of issue.

The fully diluted earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares issued and issuable assuming full conversion of ICULS at 31 December 2004, as follows:

	<b>Group 2004</b>
Net profit attributable to shareholders (RM)	<b>21,573,917</b>
Increase in net profit as a result of interest expense saved from ICULS (RM)	<b>354,098</b>
Adjusted net profit attributable to shareholders (RM)	<b>21,928,015</b>
Weighted average number of ordinary shares in issue	<b>118,483,675</b>
Adjustment for assumed conversion of ICULS	<b>18,000,000</b>
Adjusted weighted average number of ordinary shares in issue and issuable	<b>136,483,675</b>
Diluted earnings per share (sen)	<b>16.06</b>



**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

31 DECEMBER 2004

**26. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM252,006 of which RM186,600 was acquired by means of hire purchase arrangement.

**27. SIGNIFICANT RELATED PARTY TRANSACTIONS**

In the normal course of business, the Group undertakes transactions with certain of its related parties. Set out below are the significant related party transactions for the financial year (in addition to a related party disclosure mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

	<b>Group 2004 RM</b>
Revenue received/receivable from the following companies:	
- Basco Sdn Bhd	<b>20,732,923</b>
- Lebar Daun Development Sdn Bhd	<b>73,587,089</b>
Rental income received from the following company:	
- Lebar Daun Development Sdn Bhd	<b>150,000</b>
Construction cost paid/payable to the following company:	
- Basco Sdn Bhd	<b><u>17,641,304</u></b>

The nature of the relationship with the related parties is as follows:

**Related Parties****Nature of Relationship**

Lebar Daun Development Sdn Bhd ("LDDSB")

Norazmi bin Mohamed Nurdin is the Chairman/Managing Director of the Company and Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin is a Non-Independent Non-Executive Director of the Company, both are also directors of LDDSB. Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin is a major shareholder of the Company and LDDSB, Noorazhar bin Mohamed Nurdin who is a brother of Norazmi bin Mohamed Nurdin and Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin is also a director of LDDSB.

Basco Sdn Bhd ("Basco")

Norazlan bin Mohamad Nordin who is a brother of Norazmi bin Mohamed Nurdin and Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin is a director and major shareholder of Basco. Fatmawati binti Kasbin is the spouse of Norazlan bin Mohamad Nordin and sister-in-law of Norazmi bin Mohamed Nurdin and Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin is a director and deemed major shareholder of Basco.



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 DECEMBER 2004

### 28. CONTINGENT LIABILITIES

RM

At the date of this report, the Group has:

Performance guarantees given to customers which is secured by fixed deposit and corporate guarantee of the Company.	<b>27,571,413</b>
Payment guarantees given to customers which is secured by legal charges on the Group's landed properties and corporate guarantee of the Company.	<b>112,250</b>
	<b><u>27,683,663</u></b>

During the year, the subsidiary company has exceeded the expected time of delivery for one of the project. The liquidated damages claims amounting to RM109,889 per day and as at the date of this report, it is accumulated to RM3,736,215. However, the Board of Directors has strong reasons to believe that the claim will not materialise as the delay was caused by the client.

### 29. STAFF COSTS

Group  
2004

RM

Salaries, allowances, bonus and paid leave	<b>1,940,116</b>
EPF contributions	<b>238,518</b>
SOCSSO contributions	<b>15,465</b>
Other staff related expenses	<b>48,290</b>
	<b><u>2,242,389</u></b>

The number of employees in the Group at the end of the financial year was 408 (2003: 740) of which 337 are foreign workers. These are mainly general construction workers from countries such as Indonesia, India and Nepal. All of them possess valid working permit and are legally employed.

### 30. SEGMENT INFORMATION

No segment information reporting is presented as the Company and its subsidiary operates only in one industry.



**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

31 DECEMBER 2004

**31. ACQUISITION OF A SUBSIDIARY COMPANY**

During the financial year, the Company acquired Lebar Daun Construction Sdn. Bhd. The fair value of the assets acquired and the liabilities assumed are as follows:

	<b>2004 RM</b>
Property, plant and equipment	<b>6,066,250</b>
Amount due from customers	<b>7,402,462</b>
Trade receivables	<b>100,048,882</b>
Other receivables, deposits and prepayments	<b>4,788,058</b>
Deposits, cash and bank balances	<b>42,946,483</b>
Amount due to client for contract works	<b>(1,598,694)</b>
Trade payables	<b>(39,898,232)</b>
Other payables and accruals	<b>(38,790,140)</b>
Bank overdrafts	<b>(2,844,203)</b>
Short term borrowings	<b>(3,219,240)</b>
Provision for taxation	<b>(13,963,652)</b>
Deferred tax	<b>(57,562)</b>
Net assets acquired	<b>60,880,412</b>
Goodwill on consolidation (Note 7)	<b>13,619,588</b>
Total purchase consideration	<b>74,500,000</b>
Less: Portion discharged by ICULS	<b>(18,000,000)</b>
Portion discharged by issuance of shares	<b>(56,500,000)</b>
Cash and cash equivalents of subsidiary Company	<b>(18,854,991)</b>
Cashflow on acquisition, net of cash acquired	<b>(18,854,991)</b>

**32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (a) On 7 January 2004, the Company acquired the entire equity interest of LDCSB comprising 17,000,000 ordinary shares of RM1.00 each from Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin and Datin Nor Hayati Binti Abd Malik for a total consideration of RM74,500,000. This acquisition was satisfied via issuance of 113,000,000 new ordinary shares in the Company and issuance of 18,000,000 ICULS 2004/2007.
- (b) On 17 February 2004, the Company acquired the entire equity interest of Hiap Aik Construction Bhd ("HACB") for a total consideration of RM241,836 which was satisfied via issuance of 483,671 new ordinary shares of RM0.50 each in the Company at an issue price of RM0.50 per shares on the basis of one (1) new shares for every one (1) consolidated HACB shares held by the shareholders of HACB. HACB was immediately disposed off to a Special Administrator at RM1.00. As a result of such disposal, the Company suffered an investment loss of RM241,835 during the year.
- (c) On 1 March 2004, the Company assumed the listing status of HACB and was listed on the Second Board of Bursa Malaysia Securities Berhad.
- (d) On 15 March 2004, the Board of Directors has approved the following corporate proposals:-
- (i) the Proposed Placement of new ordinary shares of RM0.50 each ("Placement Shares"), representing up to of the existing issued and paid-up share capital of the Company ("Proposed Placement"); and



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31 DECEMBER 2004

### 32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *(CONT'D)*

- (ii) the Proposed Transfer of the listing of and quotation for the entire issued and paid-up share capital and the outstanding RM18,000,000 nominal value of 3 years 2% ICULS 2004/2007 from the Second Board to the Main Board of the Bursa Malaysia Securities Berhad ("Proposed Transfer").
- (e) On 27 December 2004, the Securities Commission has approved the Proposed Placement. However the Proposed Transfer was not approved.

### 33. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

- (a) On 26 January 2005, the Company has submitted an appeal to the Securities Commission to allow the Proposed Transfer to take place upon the Group meeting its profit forecast and upon having listed for one year on the Second Board.
- (b) Conversion of ICULS 2004/2007
  - (i) On 20 January 2005, a conversion of RM25,100 nominal value of ICULS 2004/2007 into 25,100 new ordinary shares of RM0.50 each fully paid up at a conversion price of RM1.00 per ordinary share.
  - (ii) On 27 January 2005, a conversion of RM1,000 nominal value of ICULS 2004/2007 into 1,000 new ordinary shares of RM0.50 each fully paid up at a conversion price of RM1.00 per ordinary share.
  - (iii) On 31 January 2005, a conversion of RM2,600 nominal value of ICULS 2004/2007 into 2,600 new ordinary shares of RM0.50 each fully paid up at a conversion price of RM1.00 per ordinary share.
  - (iv) On 8 February 2005, a conversion of RM17,900,000 nominal value of ICULS 2004/2007 into 17,900,000 new ordinary shares of RM0.50 each fully paid up at a conversion price of RM1.00 per ordinary share.
  - (v) On 15 February 2005, a conversion of RM14,000 nominal value of ICULS 2004/2007 into 14,000 new ordinary shares of RM0.50 each fully paid up at a conversion price of RM1.00 per ordinary share
  - (vi) On 22 February 2005, a conversion of RM3,100 nominal value of ICULS 2004/2007 into 3,100 new ordinary shares of RM0.50 each fully paid up at a conversion price of RM1.00 per ordinary share.
  - (vii) On 7 March 2005, a conversion of RM1,900 nominal value of ICULS 2004/2007 into 1,900 new ordinary shares of RM0.50 each fully paid up at a conversion price of RM1.00 per ordinary share.

The new ordinary shares issued upon conversion of the ICULS 2004/2004 shall rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments or other distributions, the entitlement date of which precedes the issue date of the new Shares.

- (c) Dividend Income Received/Receivable

The subsidiary company, "LDCSB" has approved a final dividend of 25% less income tax of 28% in respect of the financial year ended 31 December 2004 at its Annual General Meeting held on 25 March 2005. The total net dividend to be received by the Company is RM3,060,000.

### 34. FAIR VALUES

The carrying amounts of the Group and the Company's financial assets and financial liabilities at the balance sheet date approximate their fair values except for the borrowings whereby it was not practicable within the constraints of time and cost of estimate these fair values reliably.

### 35. COMPARATIVE FIGURES

There are no comparative figures for the consolidated financial statements as this is the first set of consolidated financial statements being prepared.



## ANALYSIS OF SHAREHOLDINGS

AS AT 15 APRIL 2005

Authorised Share Capital	:	RM250,000,000.00
Issued and Paid Up Capital	:	RM68,218,437.50
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One (1) vote per Ordinary Share
No. of Shareholders	:	2,203

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of		No. of Shares	
	Shareholders	%		%
Less than 100	1,565	71.04	33,685	0.02
100 - 1,000	478	21.70	132,100	0.10
1,001 - 10,000	84	3.81	374,707	0.27
10,001 - 100,000	48	2.18	1,384,879	1.02
100,001 - less than 5% of issued shares	26	1.18	48,261,504	35.37
5% and above of issued shares	2	0.09	86,250,000	63.22
<b>Total</b>	<b>2,203</b>	<b>100.00</b>	<b>136,436,875</b>	<b>100.00</b>

### DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Norazmi Bin Mohamed Nurdin	1,582,000	1.16	86,579,800	63.46 <sup>(1)</sup>
2. Datuk Mohd Hashim Bin Hassan	-	-	-	-
3. Prof Dr. Hamzah Bin Ismail	-	-	-	-
4. Dato' Nik Ismail Bin Dato' Nik Yusoff	-	-	-	-
5. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	86,250,000	63.22	1,911,800	1.40 <sup>(2)</sup>

**Notes:**

- (1) Deemed interest by virtue of his brothers, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin's, Norazlan bin Mohamad Nordin's and Noorazhar bin Mohamed Nurdin's and his sister-in-law, Fatmawati bt Kasbin's direct shareholdings in Lebar Daun Berhad
- (2) Deemed interest by virtue of his brothers, Norazmi bin Mohamed Nurdin's, Norazlan bin Mohamad Nordin's and Noorazhar bin Mohamed Nurdin's and his sister-in-law, Fatmawati bt Kasbin's direct shareholdings in Lebar Daun Berhad



## ANALYSIS OF SHAREHOLDINGS *(continued)*

AS AT 15 APRIL 2005

### SUBSTANTIAL SHAREHOLDER

Name of Director	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	86,250,000	63.22	1,911,800	1.40 <sup>(1)</sup>

#### Notes:

(1) Deemed interest by virtue of his brothers, Norazmi bin Mohamed Nurdin's, Norazlan bin Mohamad Nordin's and Noorazhar bin Mohamed Nurdin's and his sister-in-law, Fatmawati bt Kasbin's direct shareholdings in Lebar Daun Berhad

### LIST OF THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. Noor Azman @ Noor Hizam Bin Mohd Nurdin	74,750,000	54.79
2. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	11,500,000	8.43
3. Shah Rudin Bin Mohammed Miskun	6,500,004	4.76
4. Mohd Nasir Bin Mohd Miskun	5,800,000	4.25
5. Mustafa Bin Mohammed Miskun	5,800,000	4.25
6. Nor Lia Binti Johan	5,300,000	3.88
7. Asnor Bin Abd Malik	4,500,000	3.30
8. HSBC Nominees (Asing) Sdn. Bhd. (Villawood Group Ltd)	3,230,400	2.37
9. Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Mustapah Bin Mohamed)	3,168,600	2.32
10. Perbadanan Setiausaha Kerajaan Selangor	2,820,000	2.07
11. Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Mohd Don Bin Mastol @ Mastor)	1,990,900	1.46
12. BHLB Trustee Berhad (PCM for Perbadanan Kemajuan Pertanian Selangor)	1,500,000	1.10
13. Norazmi Bin Mohamed Nurdin	1,366,000	1.00
14. Abu Sujak Bin Mahmud	1,145,100	0.84



## ANALYSIS OF SHAREHOLDINGS *(continued)*

AS AT 15 APRIL 2005

Name of Shareholders	No. of Shares	%
15. Perbadanan Kemajuan Negeri Selangor	1,000,000	0.73
16. CIMSEC Nominees (Asing) Sdn. Bhd. (ING Asia Private Bank Limited for Stardom East Limited)	1,000,000	0.73
17. Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Mhd Omar Bin Abdul Hamid)	873,400	0.64
18. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Jamil Bin Saimon)	500,000	0.37
19. Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Hishammuddin Bin Abu Nawar)	252,400	0.18
20. Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Megat Abdul Munir Bin Megat Abdullah Rafaie)	245,400	0.18
21. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Norazmi Bin Mohamed Nurdin)	216,000	0.16
22. Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Ng Keng Huat)	207,100	0.15
23. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noorazhar Bin Mohamed Nurdin)	200,000	0.15
24. Mohamad Khashim Bin Abdul Sakor	161,900	0.12
25. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Anuar Bin Abd. Malik)	141,000	0.10
26. Khalek Bin Awang	134,900	0.10
27. Norgayah Binti Md Razi	106,300	0.08
28. Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Zailan Bin Mohd Zahid)	102,100	0.07
29. Razali Bin Hassan	80,000	0.06
30. Abdul Rashid Bin Ismail	72,000	0.05
<b>TOTAL</b>	<b>134,663,504</b>	<b>98.70</b>





## ANALYSIS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2004/2007 ("ICULS") HOLDINGS

AS AT 15 APRIL 2005

No. of outstanding ICULS	:	RM46,800.00 nominal value of 2%
Voting Rights	:	None
No. of outstanding ICULS holders	:	30

### DISTRIBUTION OF OUTSTANDING ICULS

Size of Holdings	No. of ICULS holders	%	No. of ICULS	%
Less than 100	2	6.67	100	0.21
100 - 1,000	23	76.67	20,500	43.80
1,001 - 10,000	4	13.33	12,400	26.50
10,001 - 100,000	1	3.33	13,800	29.49
100,001 - less than 5% of ICULS issued	0	0.00	0	0.00
5% and above of ICULS issued	0	0.00	0	0.00
<b>Total</b>	<b>30</b>	<b>100.00</b>	<b>46,800</b>	<b>100.00</b>

### DIRECTORS' ICULS HOLDINGS

Name of Directors	Direct		Indirect	
	No. of ICULS	%	No. of ICULS	%
1. Norazmi Bin Mohamed Nurdin	-	-	1,000	2.14 <sup>(1)</sup>
2. Datuk Mohd Hashim Bin Hassan	-	-	-	-
3. Prof Dr. Hamzah Bin Ismail	-	-	-	-
4. Dato' Nik Ismail Bin Dato' Nik Yusoff	-	-	-	-
5. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	1,000	2.14	-	-

**Notes:**

(1) Deemed interest by virtue of his brother; Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin's direct ICULS holdings in Lebar Daun Berhad



**ANALYSIS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2004/2007 (“ICULS”) HOLDINGS** *(continued)*

AS AT 15 APRIL 2005

**LIST OF OUTSTANDING ICULS HOLDERS**

<b>Name of ICULS holders</b>	<b>No. of ICULS</b>	<b>%</b>
1. Zainon @ Wan Haslah Binti Hj Hussin	13,800	29.49
2. Ridzuan Bin Ismail	6,500	13.89
3. Hasnol Bin Ibrahim	2,000	4.27
4. Harith Bin Ridzuan	2,000	4.27
5. Loh Sai Eng	1,900	4.06
6. Haslinoryati Binti Ikhwan	1,000	2.14
7. Noor Azman @ Noor Hizam Bin Mohd Nurdin	1,000	2.14
8. Hasmida Binti Abu Bakar	1,000	2.14
9. Ahmad Sallehudin Bin Mohamed Ali	1,000	2.14
10. Zaidi Bin Mohd Daud	1,000	2.14
11. Rasidah Binti Mion	1,000	2.14
12. Norkhairilnizan Bin Azimbazri	1,000	2.14
13. Ridzuan Bin Yacob	1,000	2.14
14. Chin Tian Yit Long	1,000	2.14
15. Kamarozaman Bin Ibrahim	1,000	2.14
16. Mohd Othman Bin Bakir	1,000	2.14
17. Zamri Bin Ab. Rahman	1,000	2.14
18. Raja Khairul Bahrin Bin Raja Ariffin	1,000	2.14
19. Tuan Azwa Bin Tuan Ismail	1,000	2.14
20. Zainuddin Bin Hussin	1,000	2.14
21. Nazri Bin Shahrarun	1,000	2.14
22. Mohd Shahrom Bin Zainuddin	1,000	2.14
23. Ahmad Kamal Bin Hamzah	1,000	2.14
24. Norsiah Bte Marijo Sringat	1,000	2.14
25. Omar Bin Hamzah	500	1.07
26. Ab Ghaus Bin Ismail	500	1.07
27. Goh Wan Ching	400	0.85
28. Norshimah Binti Abd Karim	100	0.21
29. Wong Gek Keong	90	0.19
30. Chong Hon Choi	10	0.02
<b>TOTAL</b>	<b>46,800</b>	<b>100.00</b>



## LIST OF PROPERTIES

AS AT 31 DECEMBER 2004

Location	Tenure	Description/ Existing Use	Approximate Age of Buildings (Years)	Land Area/ Built-up Area (Sq. m.)	Net Book Value at 31.12.2004 (RM'000)	Date of Acquisition
No. 2, Jalan Tengku Ampuan Zabedah J9/J Section 9 40000 Shah Alam Selangor Darul Ehsan	Leasehold 99 years Expiring on 20.12.2100	3½ Storey Corner Shop/Office Building	3	254/935	2,000	14.10.2002
No. 4, Jalan Tengku Ampuan Zabedah J9/J Section 9 40000 Shah Alam Selangor Darul Ehsan	Leasehold 99 years Expiring on 20.12.2100	3½ Storey Intermediate Shop/Office Building	3	153/599	1,495	14.10.2002
Lot 9024 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey (end lot) Shop Office	12	156/603	210	09.12.1996
Lot 9026 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	12	156/603	210	09.12.1996
Lot 9028 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	12	156/603	210	09.12.1996

**Note:** - The above properties were registered under the name of Lebar Daun Construction Sdn Bhd, a wholly-owned subsidiary the Company.





## FORM OF PROXY

I/We \_\_\_\_\_ NRIC No./Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of LEBAR DAUN BERHAD, hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No. \_\_\_\_\_

of \_\_\_\_\_

or failing whom, \_\_\_\_\_ NRIC No. \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the Third Annual General Meeting of the Company to be held at Bilik Langat, 1<sup>st</sup> Floor, Kelab Shah Alam Selangor, No. 1A, Jalan Aerobik 13/43, Persiaran Kayangan, 40704 Shah Alam, Selangor Darul Ehsan on Tuesday, 7 June 2005 at 11.00 a.m. and at every adjournment thereof for/against the resolution(s) to be proposed thereat.

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. Unless voting instructions are specified herein, the proxy will vote or abstain from voting as he thinks fit.

Resolution	For	Against
No. 1 Receipt of Audited Financial Statements and Directors' and Auditors' Reports		
No. 2 Approval of Directors' fees		
No. 3 Re-election of Norazmi Bin Mohamed Nurdin as Director		
No. 4 Re-election of Datuk Mohd Hashim Bin Hassan as Director		
No. 5 Re-appointment of Messrs Khairuddin Hasyudeen & Razi as Auditors		
No. 6 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2005

No. of shares held : \_\_\_\_\_

\_\_\_\_\_  
Signature/Common Seal

### Notes:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the registered office of the Company at Wisma Lebar Daun, No. 2, Jalan Tengku Ampuan Zabedah J9/J, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
3. A member shall be entitled to appoint a proxy/proxies (but not more than two (2)) to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
6. If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.



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AFFIX STAMP  
HERE

The Company Secretary  
**Lebar Daun Berhad** (590945-H)

Wisma Lebar Daun  
No. 2, Jalan Tengku Ampuan Zabedah J9/J  
Seksyen 9, 40000 Shah Alam  
Selangor Darul Ehsan  
Malaysia

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**LEBAR DAUN BERHAD** (590945-H)  
*(Incorporated in Malaysia under the Company Act, 1965)*

**WISMA LEBAR DAUN**

No. 2, Jalan Tengku Ampuan Zabedah J9/J,  
Seksyen 9, 40000 Shah Alam,  
Selangor Darul Ehsan, Malaysia.

**Tel: 603-5511 1333**

**Fax: 603-5511 1888**

**[www.lebardaun.com.my](http://www.lebardaun.com.my)**