



LEBAR DAUN BERHAD

(590945-H)

annual report 2007



CORPORATE PROFILE

Lebar Daun Berhad ("LDAUN") was incorporated in Malaysia under the Companies Act, 1965 on 28 August 2002 as a private limited company under the name 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. LDAUN has been listed on the Second Board of Bursa Malaysia Securities Berhad since 1 March 2004.

LDAUN's business began in 1988 under its wholly owned subsidiary, Lebar Daun Construction Sdn Bhd ("LDCSB") with housing development as its main activities and has since diversified to become an absolute construction company. To date, LDCSB holds PKK Class "A" (Bumiputra) and has attained the highest G7 classification with CIDB. These accreditations put LDCSB in a better position to compete with other players in the industry.

LDAUN with several other companies formed a corporate alliance under the name of Kumpulan Lebar Daun ("KLD"). The Group has expanded rapidly since 1988 and primarily involved in construction and property development in the Klang Valley. Along with KLD distinct expansion, LDAUN has expanded significantly and is currently involved in various prestigious projects of KLD, which include D' Kayangan and Bukit Bandaraya Shah Alam.

LDAUN is backed by KLD's 20 years experience in the construction and property development. LDAUN's association with KLD provides LDAUN the strength and professional expertise to offer the very best in its domain to its client and business associates.

LDAUN's aim of becoming a highly credible and respectable organisation in the construction industry, coherent with its vision and mission.

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D'Kayangan
- Semi-Detached Homes



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)

TAN SRI DATUK ADZMI
BIN ABDUL WAHAB
(Independent Non-Executive Director)
(Appointed on 13 December 2007)

AUDIT COMMITTEE

PROF DR. HAMZAH BIN ISMAIL
(Chairman)

DATO' NIK ISMAIL
BIN DATO' NIK YUSOFF

TAN SRI DATUK ADZMI
BIN ABDUL WAHAB
(Appointed on 13 December 2007)

NORAZMI BIN MOHAMED NURDIN
(Resigned on 27 November 2007)

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

KPMG
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel. No. : 603-7721 3388
Fax. No. : 603-7721 3399

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

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

CIMB 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 42, Malaysian, was appointed as Chairman and Managing Director of Lebar Daun Berhad ("LDAUN") on 7 January 2004. 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 several other private companies. He does not hold any other directorships of public companies. He holds a total of 86,158,800 ordinary shares (direct and indirect) in LDAUN and is deemed to have an interest in the shares of the subsidiary companies 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 LDAUN Group for which he is deemed to be interested as disclosed in page 17 of this Annual Report. He has not been convicted of any offences over the past 10 years. He attended all the five board meetings held during the financial year ended 31 December 2007.

DATUK MOHD HASHIM BIN HASSAN

Aged 63, Malaysian, was appointed as Independent Non-Executive Director of LDAUN on 7 January 2004. He serves as the Chairman of the Remuneration Committee and is a member of the Nomination Committee. He holds a Bachelor of Agriculture Science (Hons) Degree from the University of Malaya, a Master in Business Administration from Ohio University, USA and also a Master of Science (Food Science) from Michigan State University, USA. He has held various key positions in the government, semi-government and private sectors and his prominent career highlights include appointments as Chief Executive Officer of Kedah State Development Corporation from 1993 until 1996, Managing Director of Kulim Technology Park Corporation from 1994 until 1996, Executive Chairman of Bina Darulaman Berhad from 1994 until 1997 and Director/Chief Executive Officer of Putrajaya Holdings Sdn Bhd from 1996 until 2002. He currently also sits on the board of Bank Kerjasama Rakyat Malaysia Berhad and Amanah Raya Berhad and several other private companies. He does not hold any ordinary shares 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 four out of five board meetings held during the financial year ended 31 December 2007.

PROF DR. HAMZAH BIN ISMAIL

Aged 62, 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 Bachelor of Economics (Hons) Degree from the University of Malaya, Masters of Business Administration from McMaster University, Canada and a Doctorate in Business Administration (Majoring in Accounting) from Indiana University, Bloomington, USA. He retired from the University of Kebangsaan Malaysia in 1997 where he was a Professor of Accounting. He currently also a director and the Chairman of the Audit Committee of Eastern Pacific Industrial Corporation Berhad. He does not hold any ordinary shares 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 five board meetings held during the financial year ended 31 December 2007.



PROFILE OF THE BOARD OF DIRECTORS

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

Aged 62, 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 the University of Kebangsaan Malaysia. He began his career with the Royal Malaysia Police in 1965, where 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 currently also sits on the board of Malaysian AE Models Holdings Berhad and several other private companies. He does not hold any ordinary shares 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 five board meetings held during the financial year ended 31 December 2007.

DATO' NOOR AZMAN @ NOOR HIZAM BIN MOHD NURDIN

Aged 46, Malaysian, was appointed as Non-Independent Non-Executive Director of LDAUN on 7 January 2004. He graduated with an Honours Degree in Business Management from the University of 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 several other private companies. He does not hold any other directorships of public companies. He holds a total of 86,158,800 ordinary shares (direct and indirect) in LDAUN and is deemed to have an interest in the shares of the subsidiary companies 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 LDAUN Group for which he is deemed to be interested as disclosed in page 17 of this Annual Report. He has not been convicted of any offences over the past 10 years. He attended three out of five board meetings held during the financial year ended 31 December 2007.

TAN SRI DATUK ADZMI BIN ABDUL WAHAB

Aged 65, Malaysian, was appointed as Independent Non-Executive Director of LDAUN on 13 December 2007. He is a member of the Audit Committee. He holds a Bachelor of Arts (Hons) Degree in Economics and a Post Graduate Diploma in Public Administration from the University of Malaya and a Master of Business Administration from the University of Southern California, USA. He was appointed as the longest serving Managing Director of Edaran Otomobil Nasional Berhad (EON) in November 1992 until May 2005. In 2003, he was conferred Malaysia CEO of the Year by AMEX and Business Times and Most PR Savvy CEO of the Year by Institute of Public Relation Malaysia. He was first Chairman of the Malaysian Franchise Association from 1994 to 2005 and also the first Chairman of the Asia Pacific Franchise Confederation in 1998-1999. He was co-Chairman of World Franchise Council (WFC) and Asia Pacific Franchise Confederation (APFC) meetings in Kuala Lumpur 1998 and 2003. WFC is a confederation of franchise association of 38 countries all over the world and APFC is a confederation of franchise associations for 11 countries in Asia Pacific region. He served the Malaysian Administrative and Diplomatic Service in various capacities from 1967 to 1982 in the following areas: Central Procurement and Contract Management in Ministry of Finance, Investment Promotion in Pahang Tenggara Development Authority, Public Enterprise Management in Implementation Coordination Unit (Prime Minister's Department), Regional Planning in Klang Valley Planning Secretariat (Prime Minister's Department). He was a Manager, Corporate Planning Division of HICOM Berhad involved in development of heavy industries projects from 1982 to 1985. He served PROTON in 1985 to 1992 and his last position in PROTON was Director/Corporate General Manager, Administration and Finance Division, responsible for human resource development, financial management, procurement and vendor development, secretarial and legal and general administration. He has wide experience of over 20 years serving as a chairman and director of HICOM, PROTON and EON Group of Companies involved in automotive (car manufacturing, distribution and component), property development, telecommunication, general trading, life insurance and franchise businesses. He currently also sits on the board of Magna Prima Berhad and Dataprep Holdings Bhd and several other private companies involved in ICT, property development and construction, manufacturing, automotive and franchise businesses. He is also Advisor to the Malaysian Franchise Association. He does not hold any ordinary shares 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. During the financial year ended 31 December 2007, he did not attend any board meetings as there was no board meeting held subsequent to his appointment.



CHAIRMAN'S STATEMENT

REVIEW OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

This year we observe that the construction activities has pick up and grow by 6%, which is the highest since 1997. The drivers for such growth will be the Ninth Malaysia Plan ("9MP") and strong private investments on residential properties. The Group is projecting the prices of controlled building materials like steel bars and cement to escalate further in the coming year, particularly with the roll out of projects under the 9MP.

The Group has registered another profitable year despite robust operating environment. For the financial year ended 31 December 2007, the Group has made good progress in completing its projects in hand, particularly the private residential projects under Kumpulan Lebar Daun. This year apart from the private residential projects, the Group also undertakes the construction of Ibupejabat Mahkamah Syariah Selangor and Mahkamah Syariah Rendah at 9 districts in Selangor.

The Group principal focus for 2008 is to further raise its revenues, build a stronger order book and improve productivity levels. To achieve this, the Group will continue to give emphasis on enhancing its competitiveness in line with the intense competition and rising cost of raw materials.



Institutional Building
- Unisel





D'Kayangan
Where Heaven Meets Earth...



FINANCIAL PERFORMANCE

For the financial year ended 31 December 2007, the Group achieved revenue of RM72,359,210 Million with profit before taxation recorded at RM4,771,772 Million and profit after taxation at RM3,245,035 Million.

During the financial year, the issued and paid-up share capital of the Company stands at RM68,241,838 with shareholders' fund of RM117,557,583 Million while the net asset per share increased to RM0.86 due to the increase in shareholders' fund of the Company.



D'Kayangan
- Super Link Homes



Institutional Building
- Wisma PKPS



Bukit Bandaraya Shah Alam
- Apartments



Institutional Building
- Unisel

PROSPECT

The expectation for 2008 is for the property market to be more stable as focus will be on the private residential projects in order to increase the Group's revenue. The economic expansion expected under the 9MP and other government initiatives to spur domestic economic growth augurs well for us. Coupled with our continuing efforts to improve all aspects of our business efficiency, we are well position to capture the growth opportunity that present in the industry.

Against this backdrop, we anticipate that the Group's performance for 2008 will be satisfactory as we enjoy competitive edge based on our experience, expertise and technical know-how.

ACKNOWLEDGEMENT

Together with the members of the Board, 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



CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of Lebar Daun Berhad recognises the importance of practising the Corporate Social Responsibility (CSR) as it will bring value to the Company's business operations and at the same time, deliver sustainable value to the society at large.

Lebar Daun Berhad and its subsidiaries ("LDAUN Group") is committed to undertake its CSR practices, with the belief that these initiatives will have positive impact on the Environment, Workplace, Community and Marketplace.

The CSR initiatives undertaken by the Group are summarised below:-

ENVIRONMENT

The nature of our business activities has a major impact on the environment in which we operate. We have taken many steps to mitigate or minimise adverse impacts arising from our construction activities, including water sprinkling to reduce dust pollution, controlled open burning and proper handling of waste and construction debris to reduce air pollution and adoption of proper piling methods to mitigate noise pollution. We will continue to adhere to the environmental standards set by the local authorities at our construction sites.

WORKPLACE

We are committed to provide a safe and healthy working environment for our employees. Construction workers are provided with safety equipment and are briefed on working procedures in relation to the health and safety matters. Briefings on safety matters are conducted regularly to instill safety consciousness in the staff and workers as to enhance safety and health in the working environment as well as to reduce and avoid any incident or accident at the workplace.

We always believe a healthy mind starts with a healthy body. LDAUN Sport Club has organised various sporting and fitness activities like badminton matches and aerobics dances to promote healthy lifestyle for the staff. In addition, efforts were also made to promote staff interaction and to instill a sense of belonging amongst the staff by holding Family Day and celebrating staffs' birthday.

COMMUNITY

LDAUN Group has undertaken some CSR initiatives to support the community. LDAUN Group has supported several sporting events in Selangor, and has organised Majlis Berbuka Puasa Bersama Dengan Anak-anak Yatim as well as has offered Industrial Training Programmes for University pre-graduates. Besides, LDAUN Group has contributed monetary donations to the charitable organisations from time to time.

MARKETPLACE

At the marketplace, we always endeavor to deliver good quality products to our clients. In line with that, we are now in the process of obtaining certification for ISO 9001:2000 on Quality Management System. Additionally, LDAUN Group operates in tandem with its vision through sound business practices, effective management and good corporate governance with the aim of enhancing the stakeholders' value.



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 subsidiaries ("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 2007.

THE BOARD OF DIRECTORS

Board Composition, Duties and Responsibilities

With the appointment of Tan Sri Datuk Adzmi Bin Abdul Wahab on 13 December 2007, as additional Independent Non-Executive Director to the Board, the Board currently has six members, comprising the Chairman/Managing Director, four 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 four 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 3 and 4 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, five Board meetings were held and the details of attendance of each Director at the Board meetings are recorded within the Profile of the Board of Directors on pages 3 and 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

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, or, if their number is not three, or a multiple of three, then the number nearest to one-third 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 Annual General Meeting at which he retires.

The Articles of Association also provide that any Director who is appointed from time to time shall hold office only until the next Annual General Meeting of the Company, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Directors' Training

At present, the Company does not have a formal orientation programme for the newly appointed Directors. However, newly appointed Directors 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.

In line with the Listing Requirements of the Bursa Malaysia Securities Berhad, the Board will continue to evaluate and determine the training needs of its Directors from time to time to enhance their skills and knowledge so as to enable them to discharge their duties as Directors more effectively.

During the financial year, some of the Directors have attended the following seminars organised by Bursatra Sdn. Bhd.:-

- Corporate Governance And Media
- Strategic Marketing Plan And Brand Management Strategies

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 three Independent Non-Executive Directors. The Audit Committee Report is set out on pages 18 to 22 of this Annual Report.



STATEMENT ON CORPORATE GOVERNANCE

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.

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.



STATEMENT ON CORPORATE GOVERNANCE

The Directors' remuneration paid or payable to all the Directors of the Company for the financial year ended 31 December 2007 are as follows:-

	Fees RM	Salaries RM	Total RM
Executive Director	-	144,000	144,000
Non-Executive Directors	96,000	-	96,000
Total	96,000	144,000	240,000

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

Range of Remuneration	Executive	Non-Executive
Less than RM50,000	-	5
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

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 Financial Reporting Standards in Malaysia.

Internal Control

The Statement on Internal Control is set out on pages 23 and 24 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 2007 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 Company did not raise any funds through any corporate proposals during the financial year.

Share Buybacks

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

Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year.

On the maturity date, 5 January 2007, the remaining outstanding of RM21,500 nominal value of 3-year 2% Irredeemable Convertible Unsecured Loan Stocks 2004/2007 were automatically converted into 21,500 new ordinary shares of RM0.50 each in the Company.



STATEMENT ON CORPORATE GOVERNANCE

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

The Company did not sponsor any ADR or GDR programme during the financial year.

Imposition of Sanctions/Penalties

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

Non-Audit Fees

There were no non-audit fees paid to the external auditors by the Company during the financial year.

Variation in Results

The Company did not issue any profit estimates, forecasts or projections for the financial year and there was no material variance between the audited results for the financial year and the unaudited results previously announced.

Profit Guarantees

There were no profit guarantees given by the Company during the financial year.

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries 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 shareholders' mandate had been secured.



STATEMENT ON CORPORATE GOVERNANCE

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 2007 RM
Construction works awarded to Lebar Daun Construction Sdn Bhd (LDCSB) by Lebar Daun Development Sdn Bhd (LDDSB)	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾	40,554,359
Letting of office premises to LDDSB by LDCSB	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾	153,600
Letting of office equipment and furniture to LDDSB by LDCSB	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾	38,400
Construction works awarded to LDCSB by Basco Sdn Bhd (BASCO)	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾ Norazlan bin Mohamad Nordin ⁽⁴⁾ Fatmawati bt Kasbin ⁽⁵⁾	8,900,900
Construction works awarded to BASCO by LDCSB	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾ Norazlan bin Mohamad Nordin ⁽⁴⁾ Fatmawati bt Kasbin ⁽⁵⁾	772,991

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

The Company did not have any revaluation policy on landed properties during the financial year.



AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee presently comprises the following members:-

Chairman

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

Members

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

Tan Sri Datuk Adzmi Bin Abdul Wahab (*Independent Non-Executive Director*)(Appointed on 13 December 2007)

Encik Norazmi Bin Mohamed Nurdin (*Chairman / Managing Director*)(Resigned on 27 November 2007)

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;
- 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 of Directors from among their number, which fulfils the following requirements:-

- a) the Audit Committee must be composed of no fewer than three (3) members;
- b) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
- c) at least one (1) member of the Audit Committee:-
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - 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 prescribed or approved by the Bursa Malaysia Securities Berhad.



AUDIT COMMITTEE REPORT

No alternate director 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 three (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 three (3) years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

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 auditor, the audit plan;
 - ii) with the external auditor, his evaluation of the system of internal controls;
 - iii) with the external auditor, his audit report;
 - iv) the assistance given by the Company's employees to the external auditor; 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 a person or persons as external 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;



AUDIT COMMITTEE REPORT

g) In relation to Internal Audit function:-

- Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate 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;
- Inform itself of resignations of internal audit staff members and provide the resigning staff members an opportunity to submit his reasons for resigning;
- Review and assess the adequacy of the risk management framework and risk assessment.

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 of Bursa Malaysia Securities Berhad; and

j) To consider other areas as defined by the Board of Directors.

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;
- e) be able to obtain independent professional or other advice; and
- f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

5. Meetings

The Audit Committee shall meet at least four (4) times a year and shall hold such additional meetings as the Chairman shall decide in order to fulfill its duties.

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

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.

Unless otherwise determined by the Audit Committee from time to time, a seven (7) days' notice of all Audit Committee's meetings shall be given to all the committee members either personally or by electronic or by facsimile transmission.



AUDIT COMMITTEE REPORT

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

The Audit Committee may invite other directors and employees of the Company and of the Group, the external auditors or any other person to be in attendance to assist it in its deliberations. However, at least twice a year the Audit Committee shall meet with the external auditors without executive board members present.

A quorum shall consist of a majority of independent directors and shall not be less than two (2).

If at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the committee members present shall elect a Chairman from among the independent directors.

Any questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote except where the quorum is made up of only two (2) members or where only two (2) members are competent to vote on the question at issue.

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.

MEETINGS

During the financial year ended 31 December 2007, five (5) Audit Committee Meetings were held and the details of attendance of each Audit Committee member are as follows:-

Audit Committee Members	No. of Meetings Attended
Prof Dr. Hamzah Bin Ismail	5/5
Dato' Nik Ismail Bin Dato' Nik Yusoff	5/5
Encik Norazmi Bin Mohamed Nurdin	5/5
Tan Sri Datuk Adzmi Bin Abdul Wahab*	-

* Tan Sri Datuk Adzmi Bin Abdul Wahab was appointed as Audit Committee Member on 13 December 2007 and there was no Audit Committee Meeting held subsequent to his appointment.



AUDIT COMMITTEE REPORT

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.
- 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 external auditors' scope of work and audit plan of the year.
- v) Reviewed the quarterly results and year-end financial statements 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.
- vi) 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.
- vii) Commissioned special reviews on specific areas of operations.

INTERNAL AUDIT FUNCTION

The Group had an Internal Audit Department which is independent of the activities or operations of the Group and which provides the Audit Committee and the Board with much of the assurance it requires regarding the adequacy and integrity of the internal control.

Its principle responsibility is to undertake regular and systematic review of the system of internal control so as to provide a reasonable assurance that such system operates satisfactorily and effectively in the Group and report to the Audit Committee on a quarterly basis. Internal audit strategy and a detailed Audit Plan are presented to the Audit Committee for approval. The internal audit function adopts a risk-based approach in preparing its audit strategy and plan. The internal audit strategy and plan is developed based on the risk assessment of the Group. The Board ensure that appropriate management responses are given to any key audit findings and the relevant corrective and/or preventive actions are undertaken.

The Board, together with the Internal Audit Department and the Management, are taking the necessary measures for the continuous improvement of the internal control environment.



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 in its annual report.

RESPONSIBILITY

The Board of Directors of the Company recognises 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 developed an internal control system 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.



STATEMENT ON INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK

The Group's identification and review of risks are carried out during the Enterprise Risk Assessment exercise which has been carried out during the fourth quarter of the financial year. The Group continually updates the status of its risk profile in the process of 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, information system and information technology, project management, procurement and contract, tender management, 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 entrench lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.
- Key functions such as finance, tax and treasury, corporate and legal matters, human resource and administration, information technology 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.
- 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 department independently reviews the risk identification procedures and control processes implemented by the management and reports to the Audit Committee periodically. Internal audit department 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 cognisant of the importance of maintaining appropriate controls and will continue to review the adequacy and integrity of the Group's system of internal control.



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DIRECTORS' REPORT

for the year ended 31 December 2007

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2007.

Principal activities

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit for the year	3,245,035	417,378

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review, except as disclosed in the financial statements.

Dividends

No dividend was paid during the period and the Directors do not recommend any dividend to be paid for the period under review.

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
 Tan Sri Datuk Adzmi bin Abdul Wahab (appointed w.e.f 13.12.2007)



DIRECTORS' REPORT

for the year ended 31 December 2007

Directors' interests

The interest and deemed interest holdings in the ordinary shares and the Irredeemable Convertible Unsecured Loan Stocks of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children or the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			At 31.12.2007
	At 1.1.2007	Bought	Sold	
Shareholdings in which Directors have direct interest				
Norazmi bin Mohamed Nurdin	1,582,000	-	-	1,582,000
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	84,250,000	1,000	6,000,000	78,251,000
Shareholdings in which Directors have deemed interests				
Norazmi bin Mohamed Nurdin	84,575,800	1,000	-	84,576,800
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	1,907,800	6,000,000	-	7,907,800

	2% Irredeemable Convertible Unsecured Loan Stocks 2004/2007 of RM1 each			At 31.12.2007
	At 1.1.2007	Conversion	Sold	
Shareholdings in which Directors have direct interest				
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	1,000	1,000	-	-
Shareholdings in which Directors have deemed interests				
Norazmi bin Mohamed Nurdin	1,000	1,000	-	-

By virtue of their interests in the shares of the Company, Norazmi bin Mohamed Nurdin and Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Lebar Daun Berhad has the 100% interest.

None of the other Directors holding office at 31 December 2007 had any interest in the ordinary shares of the Company and its related corporations during the financial year.



DIRECTORS' REPORT

for the year ended 31 December 2007

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with 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 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares

During the financial year, the Company issued 21,500 new ordinary shares of RM0.50 each at par for the conversion of the Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of RM1 each for new ordinary shares of RM0.50 each at a conversion price of RM1 per ordinary share.

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

Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.



DIRECTORS' REPORT

for the year ended 31 December 2007

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for the effects arising from the change in accounting policies as disclosed in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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



.....
Norazmi bin Mohamed Nurdin



.....
Dato' Nik Ismail bin Dato' Nik Yusoff

Shah Alam,

Date: 12 April 2008



STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 33 to 69 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of the results of their operations and cash flows for the year ended on that date.

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



.....
Norazmi bin Mohamed Nurdin



.....
Dato' Nik Ismail bin Dato' Nik Yusoff

Shah Alam,

Date: 12 April 2008



STATUTORY DECLARATION

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

I, **See Thoo Su Jean**, the officer primarily responsible for the financial management of Lebar Daun Berhad, do solemnly and sincerely declare that the financial statements set out on pages 33 to 69 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Shah Alam on 12 April 2008.



.....
See Thoo Su Jean

Before me:



26, Tingkat 1, Jln Tengku
Ampuan Zabedah A, 9/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 33 to 69. The preparation of the financial statements is the responsibility of the Company's Directors.

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

We conducted our audit in accordance with 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 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 Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 2007 and the results of their operations and cash flows for the year ended on that date; and
 - ii) 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
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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

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



KPMG
Firm Number: AF 0758
Chartered Accountants



Hasman Yusri Yusoff
Partner
Approval Number: 2583/08/08(J)

Kuala Lumpur, Malaysia

Date: 12 April 2008



BALANCE SHEETS

at 31 December 2007

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Assets					
Property, plant and equipment	3	4,443,206	4,157,736	53,226	73,829
Intangible assets	4	11,803,642	11,803,642	-	-
Investment properties	5	585,000	600,000	-	-
Investments in subsidiaries	6	-	-	74,500,002	74,500,002
Total non-current assets		16,831,848	16,561,378	74,553,228	74,573,831
Investment in quoted shares	7	13,146,511	-	-	-
Receivables, deposits and prepayments	8	156,336,282	156,517,225	4,082,958	3,832,805
Inventories	9	214,248	200,439	-	-
Current tax assets		27,294	-	27,294	16,596
Cash and cash equivalents	10	4,526,393	10,515,079	649,335	497,391
Total current assets		174,250,728	167,232,743	4,759,587	4,346,792
Total assets		191,082,576	183,794,121	79,312,815	78,920,623
Equity					
Share capital	11	68,241,838	68,231,088	68,241,838	68,231,088
Share premium		10,477,946	10,467,196	10,477,946	10,467,196
Reserves		-	-	-	-
Retained earnings		38,837,799	35,592,764	434,271	16,893
Total equity		117,557,583	114,291,048	79,154,055	78,715,177
Liabilities					
Loans and borrowings	12	247,683	47,834	31,207	47,834
Deferred tax liabilities	13	274,697	364,439	-	-
Total non-current liabilities		522,380	412,273	31,207	47,834
Deferred income	14	1,814,499	502,848	-	-
Payables and accruals	15	68,243,711	64,324,472	110,926	120,372
Current tax liabilities		122,642	2,110,798	-	-
Loans and borrowings	12	2,821,761	2,152,682	16,627	37,240
Total current liabilities		73,002,613	69,090,800	127,553	157,612
Total liabilities		73,524,993	69,503,073	158,760	205,446
Total equity and liabilities		191,082,576	183,794,121	79,312,815	78,920,623

The notes on pages 38 to 69 are an integral part of these financial statements.



INCOME STATEMENTS

for the year ended 31 December 2007

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Revenue		72,359,210	126,639,395	850,000	4,080,000
Cost of sale		(63,515,610)	(115,129,608)	-	-
Gross profit		8,843,600	11,509,787	850,000	4,080,000
Other income		655,251	189,000	-	-
Administrative expenses		(4,121,505)	(4,531,672)	(213,928)	(240,950)
Impairment on loss of investment		(490,810)	-	-	-
Results from operating activities		4,886,536	7,167,115	636,072	3,839,050
Interest income		254,861	568,855	3,028	11,424
Finance costs		(369,625)	(339,508)	(2,920)	(4,238)
Profit before tax	16	4,771,772	7,396,462	636,180	3,846,236
Tax expense	18	(1,526,737)	(4,228,523)	(218,802)	(1,151,021)
Profit for the year attributable to shareholders of the Company		3,245,035	3,167,939	417,378	2,695,215
Basic earnings per ordinary share (sen)	19	2.38	2.32		

The notes on pages 38 to 69 are an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2007

Group	Note	----- Non-distributable -----		Capital reserve RM	Distributable Retained earnings RM	Total equity RM
		Share capital RM	Share premium RM			
At 1 January 2006		68,231,088	10,467,196	716	34,881,144	113,580,144
Profit for the year		-	-	-	3,167,939	3,167,939
Conversion of ICULS		-	-	(716)	-	(716)
Dividends to shareholders	20	-	-	-	(2,456,319)	(2,456,319)
At 31 December 2006		68,231,088	10,467,196	-	35,592,764	114,291,048
Profit for the year		-	-	-	3,245,035	3,245,035
Conversion of ICULS		10,750	10,750	-	-	21,500
At 31 December 2007		68,241,838	10,477,946	-	38,837,799	117,557,583
Company						
At 1 January 2006		68,231,088	10,467,196	716	(222,003)	78,476,997
Profit for the year		-	-	-	2,695,215	2,695,215
Conversion of ICULS		-	-	(716)	-	(716)
Dividends to shareholders	20	-	-	-	(2,456,319)	(2,456,319)
At 31 December 2006		68,231,088	10,467,196	-	16,893	78,715,177
Profit for the year		-	-	-	417,378	417,378
Conversion of ICULS		10,750	10,750	-	-	21,500
At 31 December 2007		68,241,838	10,477,946	-	434,271	79,154,055

The notes on pages 38 to 69 are an integral part of these financial statements.



CASH FLOW STATEMENTS

for the year ended 31 December 2007

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Cash flows from operating activities					
Profit before tax		4,771,772	7,396,462	636,180	3,846,236
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment		610,892	463,774	20,603	20,603
Depreciation of investment properties	5	15,000	15,000	-	-
Dividend income		(488,796)	-	(850,000)	(4,080,000)
Finance costs		369,625	339,508	2,920	4,238
Gain on disposal of property, plant and equipment		(14,400)	-	-	-
Loss on disposal of quoted share investment		39,945	-	-	-
Impairment on loss of quoted share investment		490,810	-	-	-
Interest income		(254,861)	(568,855)	(3,028)	(11,424)
Operating profit/(loss) before changes in working capital		5,539,987	7,645,889	(193,325)	(220,347)
Inventories		(13,809)	(200,439)	-	-
Payables and accruals		3,818,277	3,025,163	(9,446)	(20,303)
Receivables, deposits and prepayments		1,467,719	3,387,256	(1,765)	-
Cash generated from/(used in) operations		10,812,174	13,857,869	(204,536)	(240,650)
Dividends received		-	-	850,000	4,080,000
Interest received		279,737	568,000	3,028	11,424
Interest paid		(369,625)	(347,826)	(2,920)	(4,238)
Tax paid		(3,631,929)	(10,393,277)	(229,500)	(1,142,400)
Net cash from operating activities		7,090,357	3,684,766	416,072	2,704,136
	Note	2007 RM	2006 RM Restated	2007 RM	2006 RM Restated
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(66,962)	(201,377)	-	-
Acquisition of subsidiary, net of cash acquired	25	-	-	-	(2)
Acquisition of quoted share investment		(28,813,058)	-	-	-
Repayment/(Loans) of subsidiaries		-	-	(248,388)	255,025
Advance from related companies		100,961	52,852	-	-
Proceeds from disposal of property, plant and equipment		135,000	119,000	-	-
Proceeds from disposal of quoted share investment		15,135,792	-	-	-
Dividend Income		488,796	-	-	-
Net cash (used in)/generated from investing activities		(13,019,471)	(29,525)	(248,388)	255,023



CASH FLOW STATEMENTS

for the year ended 31 December 2007

	Note	Group		Company	
		2007 RM	2006 RM Restated	2007 RM	2006 RM Restated
Cash flows from financing activities					
Dividends paid to shareholders of the Company	20	-	(2,456,319)	-	(2,456,319)
Drawdown/(Repayment) of borrowings		1,070,000	(29,362,604)	-	-
Repayment of hire purchase liabilities		(601,986)	(197,311)	(15,740)	(13,297)
(Increase)/Decrease in pledged deposits		(120,644)	8,346,218	-	-
Net cash generated from/(used in) financing activities		347,370	(23,670,016)	(15,740)	(2,469,616)
Net (decrease)/increase in cash and cash equivalents		(5,581,744)	(20,014,775)	151,944	489,543
Cash and cash equivalents at 1 January	(i)	5,692,673	25,707,448	497,391	7,848
Cash and cash equivalents at 31 December	(i)	110,929	5,692,673	649,335	497,391

i) Cash and cash equivalents

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

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances	10	784,252	4,375,712	649,335	17,391
Deposits placed with licensed banks	10	3,742,141	6,139,367	-	480,000
Bank overdraft repayable on demand - unsecured	12	(673,323)	(1,200,909)	-	-
		3,853,070	9,314,170	649,335	497,391
Less: Deposits pledged	10	(3,742,141)	(3,621,497)	-	-
		110,929	5,692,673	649,335	497,391

ii) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM1,016,962 (2006 - RM201,377), of which RM950,000 (2006 - Nil), were acquired by means of hire purchase plans.

The notes on pages 38 to 69 are an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

Lebar Daun Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business of the Company is as follows:

Registered office & Principal place of business

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as the Group).

The Company is principally engaged in investment holding while the other Group entities are primarily involved in the construction, trading and services.

The financial statements were approved by the Board of Directors on 12 April 2008.

1. Basis of preparation

(a) Statement of compliance

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

The accounting policies adopted by the Group and by the Company is consistent with those adopted in the previous year except for adoption of the new and revised FRS 124, *Related Party Disclosures*, issued by MASB that is effective for the financial period beginning on 1 January 2007.

Other than the expanded disclosure requirements as shown in Note 25, the adoption of FRS 124 does not have any significant financial impact on the Group and on the Company.

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

FRSs / Interpretations	Effective date
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 111, <i>Construction Contracts</i>	1 July 2007
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007
FRS 120, <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007
FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007



NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

FRSs / Interpretations	Effective date
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007

The Group and the Company shall apply the rest of the above-mentioned FRSs (except for FRS 120, IC Interpretations 1, 2, 5, 6, 7 and 8 as explained below and FRS 139 which effective date has yet to be announced) for annual periods beginning 1 January 2008. The initial application of the said FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and of the Company.

FRS 120, IC Interpretations 1, 2, 5, 6, 7 and 8 are not applicable to the Group and to the Company. Hence, no further disclosure is warranted.

The impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemption given in paragraph 103AB of FRS 139.

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(d) Use of estimates and judgements

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

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

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

- Note 5 - valuation of investment properties
- Note 13 - recognition of deferred tax liabilities
- Note 24 - contingencies



NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies

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

(a) Basis of consolidation

(i) *Subsidiaries*

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

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

(ii) *Transactions eliminated on consolidation*

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

(b) Property, plant and equipment

(i) *Recognition and measurement*

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

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

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

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

(ii) *Subsequent costs*

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



NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(b) Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. 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. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

- land and buildings 50 years
- plant and equipment 2.5 - 10 years
- fixtures and fittings 8 - 10 years
- motor vehicles 5 years

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

(c) Intangible assets

(i) Goodwill

Goodwill arises on business combination and is measured at cost less accumulated amortisation and impairment.

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

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

Goodwill is measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

(ii) Amortisation

Before the adoption of FRS 3, goodwill was measured at cost less accumulated amortisation. Goodwill was amortised from the date of initial recognition over its estimated useful life of not more than 20 years. Impairment tests on goodwill were performed when there were indications of impairment.

Following the adoption of FRS 3, goodwill is measured at cost and is no longer amortised but tested for impairment at least annually and whenever there is an indication that they may be impaired.



NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(d) Investments properties

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

Investment property carried at cost

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

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of fifty (50) years for buildings.

Determination of fair value

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

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

Valuations reflect, where appropriate, the type of tenants likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Company and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Significant assumptions in arriving at the fair value of investment properties are disclosed in note 5.

(e) Leased assets

(i) Finance lease

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

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

(ii) Operating lease

Other leases are operating leases and the leased assets are not recognised on the Group's and on the Company's balance sheet.

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



NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Receivables

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

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

Receivables are not held for the purpose of trading.

(h) Constructions work-in-progress

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

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

(i) Investments

Investments are carried at the lower at cost and market value, determined on an individual investment basis.

Where in the opinion of the Directors, there is a decline other than temporary in the value, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(j) Cash and cash equivalents

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

(k) Impairment of assets

The carrying amounts of assets except for assets arising from construction contracts, financial assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.



NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(k) Impairment of assets (cont'd)

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(l) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

(m) Employee benefits

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

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

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

(n) Provisions

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



NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(n) Provisions (cont'd)

Contingent liabilities

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

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

(o) Payables

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

(p) Revenue

(i) Goods sold

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

(ii) Construction contracts

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

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

(iii) Rental income

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

(iv) Dividend income

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



NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(q) Interest income and borrowing costs

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

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

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

(r) Tax expense

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

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

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

Deferred tax liability is recognised for all taxable temporary differences.

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

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Segment reporting

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



NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(u) Share capital

(i) Share capital

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 instruments.

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.

3. Property, plant and equipment

Group	Freehold land and buildings RM	Leasehold land and buildings RM	Motor vehicles RM	Plant and machinery, office, telecommunication equipment RM	Fixtures, fittings and renovation RM	Total RM
Cost						
At 1 January 2006	750,000	3,566,005	2,745,685	858,009	226,856	8,146,555
Transfer to investment properties	(750,000)	-	-	-	-	(750,000)
Additions	-	-	18,000	151,603	31,774	201,377
Disposals	-	-	(510,001)	(168,000)	-	(678,001)
At 31 December 2006/ 1 January 2007	-	3,566,005	2,253,684	841,612	258,630	6,919,931
Additions	-	-	950,000	66,372	590	1,016,962
Disposals	-	-	(208,588)	(134,000)	-	(342,588)
At 31 December 2007	-	3,566,005	2,995,096	773,984	259,220	7,594,305



NOTES TO THE FINANCIAL STATEMENTS

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

Group (cont'd)	Freehold land and buildings RM	Leasehold land and buildings RM	Motor vehicles RM	Plant and machinery, office, telecommunication equipment RM	Fixtures, fittings and renovation RM	Total RM
Depreciation						
At 1 January 2006	135,000	142,640	1,970,978	572,736	171,068	2,992,422
Transfer to investment properties	(135,000)	-	-	-	-	(135,000)
Depreciation for the year	-	71,320	323,869	58,314	10,271	463,774
Disposals	-	-	(510,001)	(49,000)	-	(559,001)
At 31 December 2006/ 1 January 2007:						
Accumulated depreciation	-	213,960	1,784,846	582,050	181,339	2,762,195
Depreciation for the year	-	71,320	473,991	55,250	10,331	610,892
Disposals	-	-	(208,588)	(13,400)	-	(221,988)
At 31 December 2007: Accumulated depreciation	-	285,280	2,050,249	623,900	191,670	3,151,099
Carrying amounts						
At 1 January 2006	615,000	3,423,365	774,707	285,273	55,788	5,154,133
At 31 December 2006/ 1 January 2007	-	3,352,045	468,838	259,562	77,291	4,157,736
At 31 December 2007	-	3,280,725	944,847	150,084	67,550	4,443,206



NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (*cont'd*)

Company	Motor vehicles RM
Cost	
At 1 January 2006	103,017
Additions	-
	<hr/>
At 31 December 2006/1 January 2007/31 December 2007	103,017
	<hr/>
Depreciation	
At 1 January 2006	8,585
Charge for the year	20,603
	<hr/>
At 31 December 2007/1 January 2007	29,188
Charge for the year	20,603
	<hr/>
At 31 December 2007	49,791
	<hr/>
Carrying amounts	
At 1 January 2006	94,432
	<hr/>
At 31 December 2006/1 January 2007	73,829
	<hr/>
At 31 December 2007	53,226
	<hr/>

Motor vehicle acquired on hire purchase

At 31 December 2007, the Group and the Company acquired motor vehicle by means of hire purchase agreement with carrying value of RM813,225 (2006 - RM265,821) and RM53,226 (2006 - RM73,829) respectively.

Depreciation for the year

The Group's depreciation during the year amounting to RM137,793 (2006 - RM138,468) has been capitalised in the construction work-in-progress included under receivables, deposits and prepayments in note 8.

Land and building

The carrying value of the freehold land and building have not been segregated from the cost and carrying amounts as the information required is not available.



NOTES TO THE FINANCIAL STATEMENTS

4. Intangible assets

Group	Note	Goodwill RM
<i>Cost</i>		
At 1 January 2006/31 December 2007		<u>13,619,588</u>
<i>Amortisation</i>		
At 1 January 2006/31 December 2007		<u>1,815,946</u>
<i>Carrying amounts</i>		
At 1 January 2006/31 December 2007		<u>11,803,642</u>

The recoverable amount of the investment in a subsidiary was based on its value in use and the recoverable amount is higher than the carrying amount of this intangible asset. There is no impairment loss recognised during the year.

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

- Cash flows were projected based on actual operating results and the 5-year business plan.
- The subsidiary will continue its operation indefinitely.
- The size of operation will remain with at least or not lower than the current results.

The key assumptions represent management's assessment of future trends in the construction industry and are based on both external sources and internal sources (historical data).

5. Investment properties

Group	Freehold land and building RM
<i>Cost</i>	
At 1 January 2006	-
Transfer from property, plant and equipment	750,000
At 31 December 2006/31 December 2007	<u>750,000</u>
<i>Accumulated Depreciation</i>	
At 1 January 2006	-
Transfer from property, plant and equipment	135,000
Depreciation for the year	15,000
At 31 December 2006/1 January 2007	150,000
Depreciation for the year	15,000
At 31 December 2007	<u>165,000</u>



NOTES TO THE FINANCIAL STATEMENTS

5. Investment properties (cont'd)

Group	Freehold land and building RM
Carrying amounts	
At 31 December 2006/1 January 2007	600,000
At 31 December 2007	<u>585,000</u>
Fair value	
At 31 December 2006/1 January 2007	1,800,000
At 31 December 2007	<u>1,800,000</u>

The carrying value of the freehold land and building have not been segregated from the cost and carrying amounts as the information required is not available.

The valuation of investment property is prepared by considering the aggregate of the estimates cashflows expected to be received from renting out the property.

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

	2007 RM	2006 RM
Direct operating expenses	34,542	68,943

Investment property is located in Malaysia and comprise:

Property	Title	Approximate net lettable area
Lot 9024, Lot 9026 & Lot 9028 at Jalan Mahang 1, Taman Meru Utama, Klang	Freehold	Land - 468 sq. meter Building - 1,809 sq. meter

Security

At 31 December 2007, properties with a carrying amount of RM585,000 (2006 - RM600,000) is pledged to a licensed bank to secure banking facilities granted to the Group (see note 12).



NOTES TO THE FINANCIAL STATEMENTS

6. Investments in subsidiaries

	Company	
	2007 RM	2006 RM
At cost:		
Unquoted shares	74,500,002	74,500,002

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2007 %	2006 %
Lebar Daun Construction Sdn Bhd	Malaysia	Civil and building construction	100	100
Lebtech Energy Sdn Bhd	Malaysia	Trading and services	100	100

7. Investment in quoted shares

	Group	
	2007 RM	2006 RM
Current		
At Cost:		
Quoted shares in Malaysia	13,637,321	-
Less: Allowance for diminution in value	(490,810)	-
	<u>13,146,511</u>	-
Market value:		
Quoted shares in Malaysia	<u>20,523,304</u>	-
Details of disposed investments are as follows:		
Proceeds from disposal	15,135,792	-
Carrying amount of investment disposed	(15,175,737)	-
Loss on disposal	<u>(39,945)</u>	-



NOTES TO THE FINANCIAL STATEMENTS

8. Receivables, deposits and prepayments

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Current					
Trade					
Trade receivables	a	33,190,059	43,110,310	-	-
Construction work-in-progress	b	9,017,858	18,397,296	-	-
Amount due from related companies	c	113,871,492	94,762,357	-	-
		156,079,409	156,269,963	-	-
Non-trade					
Amount due from subsidiaries	d	-	-	4,031,193	3,782,805
Other receivables		148,312	135,697	51,765	50,000
Deposits		102,703	106,334	-	-
Prepayments		5,858	5,231	-	-
		256,873	247,262	4,082,958	3,832,805
		156,336,282	156,517,225	4,082,958	3,832,805

Note a

Included in trade receivables at 31 December 2007 are retention sums of RM8,576,273 (2006 - RM1,163,874) relating to construction work-in-progress.

Retention sums are unsecured, interest-free and are expected to be collected as follows:

	Group	
	2007 RM	2006 RM
Within 1 year	8,091,446	589,688
2 - 3 years	484,827	242,254
3 - 4 years	-	331,932
	8,576,273	1,163,874



NOTES TO THE FINANCIAL STATEMENTS

8. Receivables, deposits and prepayments (cont'd)

Note b

Construction work-in-progress

	Note	2007 RM	Group 2006 RM
Aggregate costs incurred to date		748,546,015	688,182,587
Add: Attributable profits		133,322,591	124,906,568
		<u>881,868,606</u>	<u>813,089,155</u>
Less: Progress billings		(874,665,247)	(795,194,707)
		7,203,359	17,894,448
Customer advances for construction work-in-progress	14	1,814,499	502,848
		<u>9,017,858</u>	<u>18,397,296</u>
Additions to aggregate costs incurred during the year include:			
Depreciation of property, plant and equipment		137,793	138,468
Interest expense		-	576,510
		<u>137,793</u>	<u>714,978</u>

Included in aggregate costs incurred during the year is interest capitalised at an average rate of Nil (2006 - 8.5%) per annum.

Note c

The amount due from related companies is unsecured and subject to the normal trade terms.

Included in amount due from related companies at 31 December 2007 are retention sums of RM32,095,095 (2006 - RM27,962,803) relating to construction work-in-progress.

Retention sums are unsecured, interest-free and are expected to be collected as follows:

	2007 RM	2006 RM
Within 1 year	15,081,915	7,237,506
1 - 2 years	8,834,481	9,804,050
2 - 3 years	4,852,778	8,542,837
3 - 4 years	742,956	945,024
4 - 5 years	2,582,965	1,433,386
	<u>32,095,095</u>	<u>27,962,803</u>

Note d

Amount due from subsidiaries are unsecured, interest-free and has no specific terms of repayment.



NOTES TO THE FINANCIAL STATEMENTS

9. Inventories

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At cost:				
Finished goods	214,248	200,439	-	-

10. Cash and cash equivalents

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deposits placed with licensed banks	3,742,141	6,139,367	-	480,000
Cash and bank balances	784,252	4,375,712	649,335	17,391
	4,526,393	10,515,079	649,335	497,391

Deposits placed with licensed banks pledged for a bank facility

Included in the Groups deposits placed with licensed banks is RM3,742,141 (2006 - RM3,621,497) pledged for banking facilities granted to a subsidiary.

11. Capital and reserves

Share capital

	Group and Company			
	Amount 2007 RM	Number of shares 2007	Amount 2006 RM	Number of shares 2006 RM
Authorised:				
Ordinary shares of RM0.50 each	250,000,000	500,000,000	250,000,000	500,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each	68,231,088	136,462,176	68,231,088	136,462,176
Issue of shares under Conversion of ICULS	10,750	21,500	-	-
On issue at 31 December	68,241,838	136,483,676	68,231,088	136,462,176

Capital reserve

The capital reserve comprises the equity portion of compound financial instruments issued.



NOTES TO THE FINANCIAL STATEMENTS

11. Capital and reserves (cont'd)

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank all of its distributable reserves at 31 December 2007 if paid out as dividends.

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

12. Loans and borrowings

This note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings. For more information about the Group's and the Company's exposure to interest rate, see note 22.

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-current				
Finance lease liabilities	247,683	47,834	31,207	47,834
Current				
Banker acceptance	1,967,000	897,000	-	-
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	-	21,500	-	21,500
Finance lease liabilities	181,438	33,273	16,627	15,740
Bank overdraft	673,323	1,200,909	-	-
	2,821,761	2,152,682	16,627	37,240

All borrowings except for Irredeemable Convertible Unsecured Loan Stocks ("ICULS") are secured.

Security

The first bank overdraft amounting to RM6,130 (2006 - Nil) bears interest at 1.75% to 2% (2006 - 1.75% to 2%) per annum above the bank's Base Lending Rate and is secured by the followings:

- third party first legal charge of RM2,500,000 over properties owned by a director;
- personal guarantee for RM2,500,000 by a director; and
- registered charge over fixed deposit of RM954,000.

The second bank overdraft amounting to RM667,193 (2006 - Nil) bears interest at 2% per annum above the bank's Base Lending Rate (2006 - 5.5% fixed rate) per annum and is secured by the followings:

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



NOTES TO THE FINANCIAL STATEMENTS

12. Loans and borrowings *(cont'd)*

Security *(cont'd)*

The third bank overdraft amounting to nil (2006 - RM1,200,909) bears interest at 2% (2006 - 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 Group with a carrying amount of RM585,000 (2006 - RM600,000) (see note 5); and
- b) corporate guarantee for RM 2,000,000 by the Company.

The bankers acceptance amounting to RM1,967,000 (2006 - RM897,000) bears interest at 2% (2006 - 2%) per annum above cost of fund from the date of claim until the date of repayment thereof. It is secured and guaranteed by the followings:

- a) registered charge of RM2,000,000 over properties owned by the Group with a carrying amount of RM585,000 (2006 - RM600,000) (see note 5); and
- b) corporate guarantee for RM 2,000,000 by the Company.

Irredeemable Convertible Unsecured Loan Stocks (Significant covenants)

The principal terms of the Irredeemable Convertible Unsecured Loans Stocks ("ICULS") issued are subject to the fulfilment of the following significant covenants:

- i) Form and denomination
ICULS are issued in registered form and in multiples of RM1 nominal value each.
- ii) Tenure, maturity date and interest rate
Tenure is three (3) years from the issuance date which was 7 January 2004. The maturity date for ICULS is 6th January 2007. 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.
- iii) 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.

- iv) 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 each for cancellation for one (1) new ordinary share to be credited as issued and fully paid-up share capital of the Company.
- v) 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.



NOTES TO THE FINANCIAL STATEMENTS

12. Loans and borrowings (cont'd)

Irredeemable Convertible Unsecured Loan Stocks (Significant covenants) (cont'd)

- vi) Security and status
The ICULS is unsecured and unconditional obligations of the Company.
- vii) 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.
- viii) Listing
ICULS is admitted to the Second Board of the Bursa Malaysia Securities Berhad.
- ix) Trust Deed
ICULS are constituted by a trust deed executed by the Company and AMT trustees 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.

Terms and debt repayment schedule for loans and borrowings

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
Group 2007					
Banker acceptance	2008	1,967,000	1,967,000	-	-
Bank overdraft	2008	673,324	673,324	-	-
		2,640,324	2,640,324	-	-

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
Group 2006					
Banker acceptance	2007	897,000	897,000	-	-
Irredeemable Convertible Unsecured Loan Stocks	2007	21,500	21,500	-	-
Bank overdraft	2007	1,200,909	1,200,909	-	-
		2,119,409	2,119,409	-	-



NOTES TO THE FINANCIAL STATEMENTS

12. Loans and borrowings (cont'd)

Terms and debt repayment schedule for loans and borrowings (cont'd)

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
Company					
2007					
Irredeemable Convertible Unsecured Loan Stocks	-	-	-	-	-

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
Company					
2006					
Irredeemable Convertible Unsecured Loan Stocks	2007	21,500	21,500	-	-

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum Lease payments 2007 RM	Interest 2007 RM	Principal 2007 RM	Minimum lease payments 2006 RM	Interest 2006 RM	Principal 2006 RM
Less than one year	198,259	16,821	181,438	36,329	3,056	33,273
Between one and five years	253,899	6,216	247,683	51,410	3,576	47,834
	452,158	23,037	429,121	87,739	6,632	81,107
Company						
Less than one year	18,660	2,033	16,627	18,540	2,800	15,740
Between one and five years	32,630	1,423	31,207	51,410	3,576	47,834
	51,290	3,456	47,834	69,950	6,376	63,574

Interest rate on finance leases for the financial year range from 2.30% to 2.75% (2006 - 2.75% to 3.85%).



NOTES TO THE FINANCIAL STATEMENTS

13. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

Group	Liabilities	
	2007 RM	2006 RM
Property, plant and equipment	274,697	364,439

Movement in temporary differences during the year

Group	At 1.1.2006 RM	Recognised in income statement (note 18) RM	At 31.12.2006 RM	Recognised in income statement (note 18) RM	At 31.12.2007 RM
Property, plant and equipment	(36,700)	(327,739)	(364,439)	89,742	(274,697)

14. Deferred income

	Note	Group	
		2007 RM	2006 RM
Current			
Customer advances for construction work-in-progress	8	1,814,499	502,848

15. Payables and accruals

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Trade					
Trade payables	a	67,779,872	63,832,263	-	-
Non-trade					
Advances from related companies	b	153,813	52,852	-	-
Other payables		126,102	73,336	2	2
Accrued expenses		183,924	366,021	110,924	120,370
		463,839	492,209	110,926	120,372
		68,243,711	64,324,472	110,926	120,372



NOTES TO THE FINANCIAL STATEMENTS

15. Payables and accruals (cont'd)

Note a

- i) The normal trade terms granted to the Group range from 30 days to 90 days.
- ii) Included in the trade payable are:-
 - a) Amount totaling RM2,748,760 (2006 - RM6,811,777) owing to a company in which certain directors have interest.
 - b) Amount totaling RM12,271,411 (2006 - RM14,170,702) are retention sums.

Note b

Advance from related companies are unsecured, interest free and has no specific terms of repayment.

16. Profit before tax

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax is arrived at after charging:					
Depreciation of investment properties	5	15,000	15,000	-	-
Auditors' remuneration:					
- Audit services					
Auditors of the Company		88,000	85,000	15,000	15,000
- Other services					
Auditors of the Company		7,000	7,000	-	-
Depreciation on property, plant and equipment		610,892	463,774	20,603	20,603
Interest expense on:					
- Bank overdraft		254,971	198,119	-	-
- Borrowings		96,560	130,111	-	-
- ICULS		210	430	210	430
- Finance lease		18,095	10,848	2,920	3,808
Loss on disposal of quoted shares		39,945	-	-	-
Impairment loss on quoted shares		490,810	-	-	-
Personal expenses (including key management personnel):					
- Contribution to Employees Provident Fund		233,548	220,885	-	-
- Wages, salaries and others		2,474,053	2,294,753	96,000	96,000



NOTES TO THE FINANCIAL STATEMENTS

16. Profit before tax (cont'd)

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
and after crediting:					
Dividend income		488,796	-	-	-
Dividend from subsidiaries		-	-	850,000	4,080,000
Gain on disposal of property, plant and equipment		14,400	-	-	-
Rental income from building		153,600	151,200	-	-
Rental income from equipments		38,400	37,800	-	-

17. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Director				
- Remuneration	240,000	240,000	96,000	96,000
Other short term employee benefits	17,280	17,280	-	-

18. Tax expense

Recognised in the income statement

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Total tax expense	1,526,737	4,228,523	218,802	1,151,021
Major components of tax expense include:				
Current tax expense				
Malaysian - current year	1,597,524	2,407,502	218,802	1,132,061
- prior year	18,955	1,493,282	-	18,960
Total current tax	1,616,479	3,900,784	218,802	1,151,021
Deferred tax expense				
Origination and reversal of temporary differences	(89,742)	67,560	-	-
Under provision in prior years	-	260,179	-	-
Total deferred tax	(89,742)	327,739	-	-
Total tax expense	1,526,737	4,228,523	218,802	1,151,021



NOTES TO THE FINANCIAL STATEMENTS

18. Tax expense (cont'd)

Recognised in the income statement

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit for the year	3,245,035	3,167,939	417,378	2,695,215
Total tax expense	1,526,737	4,228,523	218,802	1,151,021
Profit excluding tax	4,771,772	7,396,462	636,180	3,846,236
Tax at Malaysian tax rate of 27% (2006 -28%)	1,288,378	2,071,009	171,769	1,076,946
Non-deductible expenses	290,036	404,180	47,033	55,235
Non-taxable income	(70,632)	-	-	-
Other items	-	(127)	-	(120)
	1,507,782	2,475,062	218,802	1,132,061
Under/(over) provided in prior years				
Current tax expense	18,955	1,493,282	-	18,960
Deferred tax expense	-	260,179	-	-
	1,526,737	4,228,523	218,802	1,151,021

19. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2007 was based on the profit attributable to ordinary shareholders of RM3,245,035 (2006 - RM3,167,939) and 136,483,676 (2006 - 136,462,176) ordinary shares outstanding during the year.

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.



NOTES TO THE FINANCIAL STATEMENTS

19. Earnings per ordinary share (cont'd)

Diluted earnings per share (cont'd)

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, as follows:

	Group	
	2007 RM	2006 RM
Net profit attributable to shareholders	3,245,035	3,167,939
Increase in net profit as a result of interest expense saved from ICULS	-	-
Adjusted net profit attributable to shareholders	<u>3,245,035</u>	<u>3,167,939</u>
Weighted average number of ordinary shares in issue	136,483,676	136,462,176
Adjustment for assumed conversion for ICULS	-	21,500
Adjusted weighted average number of ordinary shares in issue and issuable	<u>136,483,676</u>	<u>136,483,676</u>
Diluted earnings per share (sen)	<u>2.38</u>	<u>2.32</u>

20. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM	Date of payment
2007			
Nil	-	<u>-</u>	-
2006			
Interim 2006 ordinary less 28% tax	2.5	<u>2,456,319</u>	13 October 2006

21. Segment reporting

No segmental information is disclosed as the Group only engages in the construction and trading of products in Malaysia.



NOTES TO THE FINANCIAL STATEMENTS

22. Financial instruments

Exposure to credit, interest rate and liquidity risks arises in the normal course of the Group's business. The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business 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:

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

The Group's 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 risks by investing its cash assets safely and profitably, and by monitoring procedures on an ongoing basis.

At the balance sheet date, the credit risk is mainly with related companies of which in the opinion of the directors that no doubtful debts shall be provided. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As for unrecognised financial asset, the maximum exposure to credit risk is the fair value of the financial asset disclosed below.

Market risk

Market risk is the risk of loss arising from the adverse movement in the level of market prices or rates. The market risk components are interest rate risk and equity risk.

i) Interest rate risk

The Group's investment in fixed-rate debt securities and its fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's investments in variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

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.

ii) Equity risk

Equity risk refers to the adverse movements in the price of equities on equity positions. Equity position is marked at lower of cost or market value and monitored by the management.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents and bank credit lines deemed adequate by the management to finance the Group's operations and to mitigate the effect of fluctuation in cash flows.



NOTES TO THE FINANCIAL STATEMENTS

22. Financial instruments (cont'd)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group 2007	Note	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM
Fixed rate instruments							
Deposits	10	3.46	3,742,141	3,742,141	-	-	-
Finance lease liabilities	12	2.35	(429,121)	(181,438)	(189,785)	(57,898)	-
			3,313,020	3,560,703	(189,785)	(57,898)	-
Floating rate instruments							
Banker acceptance	12	6.08	(1,967,000)	(1,967,000)	-	-	-
Bank overdraft	12	8.75	(673,324)	(673,324)	-	-	-
			(2,640,324)	(2,640,324)	-	-	-
Company 2007							
Fixed rate instruments							
Deposits	10	-	-	-	-	-	-
Irredeemable Convertible Unsecured Loan Stocks	12	-	-	-	-	-	-
Finance lease liabilities	12	2.75	(47,834)	(16,627)	(17,514)	(13,693)	-
			(47,834)	(16,627)	(17,514)	(13,693)	-
Group 2006							
Fixed rate instruments							
Deposits	10	3.28	6,139,367	6,139,367	-	-	-
Bank overdraft	12	5.50	(1,200,909)	(1,200,909)	-	-	-
Irredeemable Convertible Unsecured Loan Stocks	12	2.00	(21,500)	(21,500)	-	-	-
Finance lease liabilities	12	2.94	(81,107)	(33,273)	(16,626)	(17,514)	(13,694)
			4,835,851	4,883,685	(16,626)	(17,514)	(13,694)
Floating rate instruments							
Banker acceptance	12	5.60	(897,000)	(897,000)	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

22. Financial instruments (cont'd)

Effective interest rates and repricing analysis (cont'd)

Company 2006	Note	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 -4 years RM
Fixed rate instruments							
Deposits	10	2.60	480,000	480,000	-	-	-
Irredeemable Convertible Unsecured Loan Stocks	12	2.00	(21,500)	(21,500)	-	-	-
Finance lease liabilities	12	2.75	(63,574)	(15,740)	(16,626)	(17,514)	(13,694)
			<u>394,926</u>	<u>442,760</u>	<u>(16,626)</u>	<u>(17,514)</u>	<u>(13,694)</u>

Fair values

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

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows:

Group	Note	2007		2006	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Finance lease liabilities	12	429,121	429,121	81,107	76,524
Irredeemable Convertible Unsecured Loan Stocks	12	-	-	21,500	21,500
		<u>429,121</u>	<u>429,121</u>	<u>102,607</u>	<u>98,024</u>

Company	Note	2007		2006	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Finance lease liabilities	12	47,834	47,834	63,574	58,991
Irredeemable Convertible Unsecured Loan Stocks	12	-	-	21,500	21,500
		<u>47,834</u>	<u>47,834</u>	<u>85,074</u>	<u>80,491</u>



NOTES TO THE FINANCIAL STATEMENTS

23. Operating leases

Leases as lessor

The Group leases out its property, plant and equipment under operating leases (see note 6). The future minimum lease payments under non-cancellable leases are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Less than one year	200,000	192,000	-	-
Between one and five years	235,200	48,000	-	-
	435,200	240,000	-	-

24. Contingencies

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Contingent liabilities				
Corporate guarantee given to supplier for facilities granted to a subsidiary company	-	-	8,200,000	8,200,000
Corporate guarantee given to financial institutions for facilities granted to a subsidiary company	-	-	26,875,000	26,875,000
Performance guarantees issued in the form of bank guarantee given to customer by a subsidiary company for contracts	4,587,317	4,560,307	-	-
Payment guarantees issued in the form of bank guarantee given to suppliers by a subsidiary company	200,000	470,000	-	-
	4,787,317	5,030,307	35,075,000	35,075,000



NOTES TO THE FINANCIAL STATEMENTS

25. Related parties

Identity of related parties

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

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

The significant related party transactions of the Company, other than key management personnel compensation (see note 17), are as follows:

Group	Transaction value year ended 31 December		Balance outstanding as at 31 December	
	2007 RM	2006 RM	2007 RM	2006 RM
Revenue receivable				
Basco Sdn. Bhd.	8,900,900	18,251,394	25,623,024	24,987,620
Lebar Daun Development Sdn. Bhd.	40,554,359	32,831,917	88,232,623	69,632,567
Rental income received				
Lebar Daun Development Sdn. Bhd.	192,000	189,000	-	-
Construction payable				
Basco Sdn. Bhd.	772,991	16,001,400	2,748,760	6,811,778
Advance receivable				
Lebar Daun Development Sdn. Bhd.	100,960	52,852	153,812	52,852
<hr/>				
Company				
Dividend income from subsidiary	850,000	4,080,000	-	-
<hr/>				

All outstanding balances with these related parties are priced on an arm's length basis are to be settled in cash. None of the balances is secured.



ANALYSIS OF SHAREHOLDINGS

as at 30 April 2008

Authorised Share Capital	:	RM250,000,000.00
Issued and Paid Up Capital	:	RM68,241,837.50
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One (1) vote per Ordinary Share
No. of Shareholders	:	2,493

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	1,456	58.40	30,571	0.02
100 - 1,000	925	37.10	161,601	0.12
1,001 - 10,000	53	2.13	225,020	0.16
10,001 - 100,000	32	1.28	1,025,579	0.75
100,001 - less than 5% of issued shares	25	1.00	65,289,904	47.84
5% and above of issued shares	2	0.08	69,751,000	51.11
Total	2,493	100.00	136,483,675	100.00

DIRECTORS' SHAREHOLDINGS

Name of Directors	No. of Shares	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1. Norazmi Bin Mohamed Nurdin	5,082,000	-	3.72	81,076,800	59.41 ⁽¹⁾
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	74,751,000	-	54.77	11,407,800	8.36 ⁽²⁾
6. Tan Sri Datuk Adzmi Bin Abdul Wahab	-	-	-	-	-

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-laws, Datin Nor Hayati bt Abd Malik's and Fatmawati bt Kasbin's direct shareholdings in Lebar Daun Berhad

(2) Deemed interest by virtue of his spouse, Datin Nor Hayati bt Abd Malik's and 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

SUBSTANTIAL SHAREHOLDER

Name of Shareholder	No. of Shares	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	74,751,000	-	54.77	11,407,800	8.36 ⁽¹⁾

Note:-

(1) Deemed interest by virtue of his spouse, Datin Nor Hayati bt Abd Malik's and 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

as at 30 April 2008

LIST OF THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. Noor Azman @ Noor Hizam Bin Mohd Nurdin	62,927,000	46.11
2. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	6,824,000	5.00
3. Shah Rudin Bin Mohammed Miskun	6,500,004	4.76
4. HSBC Nominees (Asing) Sdn. Bhd. (Exempt An for credit SUISSE)	6,009,700	4.40
5. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Nor Hayati Binti Abd Malik)	6,000,000	4.40
6. Mohd Nasir Bin Mohd Miskun	5,800,000	4.25
7. Mustafa Bin Mohammed Miskun	5,800,000	4.25
8. Nor Lia Binti Johan	5,300,000	3.88
9. AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	5,000,000	3.66
10. AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Norazmi Bin Mohamed Nurdin)	4,866,000	3.57
11. Asnor Bin Abd Malik	4,500,000	3.30
12. Mustapah Bin Mohamed	3,168,600	2.32
13. Perbadanan Setiausaha Kerajaan Selangor	2,819,800	2.07
14. Mohd Don Bin Mastol @ Mastor	1,990,900	1.46
15. BHLB Trustee Berhad (PCM for Perbadanan Kemajuan Pertanian Selangor)	1,500,000	1.10
16. Abu Sujak Bin Mahmud	1,174,600	0.86
17. Perbadanan Kemajuan Negeri Selangor	1,000,000	0.73
18. CIMSEC Nominees (Asing) Sdn. Bhd. (ING Asia Private Bank Limited for Stardom East Limited)	1,000,000	0.73
19. Mhd Omar Bin Abdul Hamid	873,500	0.64
20. Faizal Bin Abdullah	652,000	0.48
21. Jamil Bin Saimon	406,400	0.30
22. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noorazhar Bin Mohamed Nurdin)	254,800	0.19
23. Norazmi Bin Mohamed Nurdin	216,000	0.16
24. CIMB Group Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Anuar Bin Abd Malik)	140,000	0.10
25. Norgayah Binti Md Razi	106,300	0.08
26. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Ab Ghaus Bin Ismail)	105,900	0.08
27. Anuar Bin Abd Malik	105,400	0.08
28. Razali Bin Hassan	80,000	0.06
29. Anuar Bin Abd Malik	75,300	0.06
30. HSBC Nominees (Asing) Sdn. Bhd. (BNP Paribas Arbitrage (Hong Kong) Limited)	70,900	0.05
TOTAL	135,267,104	99.11



LIST OF PROPERTIES

as at 31 December 2007

Location	Tenure	Description/ Existing Use	Approximate Age of Buildings (Years)	Land Area/ Built -up Area (Sq. m.)	Net Book Value at 31.12.2007 (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	3 1/2 Storey Corner Shop/Office Building	6	254/935	1,874	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	3 1/2 Storey Intermediate Shop/Office Building	6	153/599	1,407	14/10/2002
Lot 9024 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey (end lot) Shop Office	15	156/603	195	09/12/1996
Lot 9026 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	15	156/603	195	09/12/1996
Lot 9028 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	15	156/603	195	09/12/1996

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



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of Lebar Daun Berhad will be held at Juara Hall, 1st Floor, Carlton Holiday Hotel & Suites Shah Alam, No. 1, Persiaran Akuatik, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 19 June 2008 at 11.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2007 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 2007. *(Resolution 2)*
3. To re-elect Datuk Mohd Hashim Bin Hassan, who retires by rotation in accordance with Article 84 of the Company's Articles of Association. *(Resolution 3)*
4. To re-elect Prof Dr. Hamzah Bin Ismail, who retires by rotation in accordance with Article 84 of the Company's Articles of Association. *(Resolution 4)*
5. To re-elect Tan Sri Datuk Adzmi Bin Abdul Wahab, who was appointed to the Board during the year and retires in accordance with Article 91 of the Company's Articles of Association. *(Resolution 5)*
6. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 6)*
7. 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 27 May 2008, 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;



NOTICE OF ANNUAL GENERAL MEETING

- (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;
 - (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 7)

8. 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
27 May 2008



NOTICE OF ANNUAL GENERAL MEETING

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 not more than two (2) proxies 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 proportion 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 but not more than two (2) proxies 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. 7, 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

The Directors who are standing for re-election in accordance with Article 84 and Article 91 of the Articles of Association of the Company at the Sixth Annual General Meeting are:-

Article 84 - Retirement by rotation

- i) Datuk Mohd Hashim Bin Hassan
- ii) Prof Dr. Hamzah Bin Ismail

Article 91 - Retirement after appointment as an additional director

- i) Tan Sri Datuk Adzmi Bin Abdul Wahab

Further details of the respective Directors are set out in the Profile of the Board of Directors on pages 3 and 4 of this Annual Report.





LEBAR DAUN BERHAD

(Company No. 590945-H)
(Incorporated in Malaysia)

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 Sixth Annual General Meeting of the Company to be held at Juara Hall, 1st Floor, Carlton Holiday Hotel & Suites Shah Alam, No. 1, Persiaran Akuatik, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 19 June 2008 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 Datuk Mohd Hashim Bin Hassan as Director		
No. 4 Re-election of Prof Dr. Hamzah Bin Ismail as Director		
No. 5 Re-election of Tan Sri Datuk Adzmi Bin Abdul Wahab as Director		
No. 6 Re-appointment of Messrs KPMG as Auditors		
Special Business:		
No. 7 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

As witness my/our hand this _____ day of _____ 2008

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 not more than two (2) proxies 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 proportion 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 but not more than two (2) proxies 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.

Fold this flap for sealing

Then fold here

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

1st fold here



LEBAR DAUN BERHAD (590945-H)

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

Tel : 603 5511 1333
Fax : 603 5511 1888
Web : www.lebardaun.com.my