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NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of Lebar Daun Berhad will be held at Room - Concorde I, Concorde Hotel, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 29 June 2004 at 11.00 a.m. for the following purposes:-

**AGENDA**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2003 together with the Reports of the Directors and Auditors thereon. *(Resolution 1)*
  
2. To re-elect the following Directors who retire in accordance with Article 91 of the Company's Articles of Association:-
  - i) Datuk Mohd Hashim Bin Hassan *(Resolution 2)*
  - ii) Prof Dr. Hamzah Bin Ismail *(Resolution 3)*
  - iii) Dato' Nik Ismail Bin Dato' Nik Yusoff *(Resolution 4)*
  - iv) Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin *(Resolution 5)*
  
3. To re-appoint Messrs Khairuddin Hasyudeen & Razi as Auditors of the Company and to authorize the Directors to fix their remuneration. *(Resolution 6)*
  
4. As special business, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:-

**Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965**

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, where such approvals shall be necessary, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue new ordinary shares in the Company at any time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional new ordinary shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

*(Resolution 7)*

(Continued)

## NOTICE OF ANNUAL GENERAL MEETING



5. 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

4 June 2004

**Notes:-**

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

*Resolution pursuant to Section 132D of the Companies Act, 1965*

*The proposed Resolution No. 7, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.*

**(1) NAME OF DIRECTORS STANDING FOR RE-ELECTION:-**

Pursuant to Article 91 of the Company's Articles of Association:-

- i) Datuk Mohd Hashim Bin Hassan
- ii) Prof Dr. Hamzah Bin Ismail
- iii) Dato' Nik Ismail Bin Dato' Nik Yusoff
- iv) Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin

**(2) DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS:-**

There were no Board Meetings held during the financial year ended 31 December 2003. However, all the Board's decisions are documented through Directors' Circular Resolutions in writing pursuant to authority given by Article 126 of the Company's Articles of Association. All Board decisions were agreed unanimously.

**(3) PLACE, DATE AND TIME OF ANNUAL GENERAL MEETING:-**

The Second Annual General Meeting of the Company will be held at Room - Concorde I, Concorde Hotel, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 29 June 2004 at 11.00 a.m..

**(4) FURTHER DETAILS OF DIRECTORS STANDING FOR RE-ELECTION:-**

Details of Directors standing for re-election are set out in Directors' Profiles on pages 6 and 7 of this Annual Report.

## CORPORATE INFORMATION



### BOARD OF DIRECTORS

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

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

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

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

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

### COMPANY SECRETARY

Razali Bin Hassan  
(LS 05531)

### AUDITORS

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

### SOLICITORS

Nik Saghir & Ismail

### REGISTERED OFFICE

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

### SHARE REGISTRAR

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

### PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad  
RHB Bank Berhad

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Second Board

**NORAZMI BIN MOHAMED NURDIN**, aged 38, Malaysian, was appointed as Chairman and Managing Director of Lebar Daun Berhad (“LDAUN”) on 7 January 2004. He is a member of the Audit Committee. He holds a Degree in Civil Engineering Management and also a Degree in Civil Engineering from Portland University, 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 boards of two other private companies. He does not hold any other directorships of public companies. He holds a total of 90,459,800 ordinary shares (direct and indirect) and 1,000 units of ICULS in LDAUN and is deemed to have an interest in the shares of the subsidiary company to the extent held by LDAUN. He is the brother of Dato’ Noor Azman @ Noor Hizam Bin Mohd Nurdin, a Non-Independent Non-Executive Director and a major shareholder of LDAUN. He is deemed to have interest in certain recurrent related party transactions entered/to be entered by the LDAUN Group, of which the shareholders’ ratification and mandate is to be obtained at an Extraordinary General Meeting to be held immediately after the 2nd Annual General Meeting of the Company. He has not been convicted of any offence over the past 10 years.

**DATUK MOHD HASHIM BIN HASSAN**, aged 59, Malaysian, was appointed as Independent Non-Executive Director of LDAUN on 7 January 2004. He serves as the Chairman of Remuneration Committee and is a member of the Nomination Committee. He holds a Master in Business Administration from Ohio University, USA and also a Master of Science (Food Science) from Michigan State University, USA. He served as Director/Chief Executive Officer from June 1996 to June 2002 and as the Deputy Chairman from June 2002 to March 2003 before assuming his current position as Chairman of Putrajaya Holdings Sdn Bhd. Besides being a director in several other private companies, he also serves as the Chairman of Padiberas Nasional Berhad and as Deputy Chairman of KUB Malaysia Berhad and as a director of Bank Kerjasama Rakyat Malaysia Berhad. He does not hold any ordinary shares except 1,000 units of ICULS in LDAUN. He does not have any family relationship with any Director and/or major shareholder of LDAUN and has no conflict of interest with LDAUN. He has not been convicted of any offence over the past 10 years.

**PROF DR. HAMZAH BIN ISMAIL**, aged 58, Malaysian, was appointed as Independent Non-Executive Director of LDAUN on 7 January 2004. He serves as the Chairman of the Audit Committee and is a member of the Nomination and Remuneration Committees. He holds a Doctorate in Business Administration (Major in Accounting) from Indiana University, Bloomington, USA. Besides being a director and a member of the Audit and Nominations Committees of Eastern Pacific Industrial Corporation Berhad, he is also a director of PTB Unit Trust Berhad and the Tun Hussein Onn National Eye Hospital. He holds a total of 50,000 ordinary shares directly and 1,000 units of ICULS in LDAUN and is deemed to have an interest in the shares of the subsidiary company to the extent held by LDAUN. He 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 offence over the past 10 years.

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## PROFILE OF THE BOARD OF DIRECTORS



**DATO' NIK ISMAIL BIN DATO' NIK YUSOFF**, aged 58, Malaysian, was appointed as Independent Non-Executive Director of LDAUN on 7 January 2004. He serves as the Chairman of the Nomination Committee and is a member of the Audit and Remuneration Committees. He obtained a Diploma in Police Science from University Kebangsaan Malaysia. He began his career with the Royal Malaysia Police in 1965, which he served in numerous senior positions within the Royal Malaysia Police such as the Head of Special Branch, Terengganu (1982-1983), Commandant Special Branch Training School (1989-1992), Deputy Director Special Branch 1 (1995-1997), and Chief Police Officer of Terengganu (1997), Kedah (1997-1999), Selangor (1999-2001). He retired from the force as the Deputy Commissioner of Police in 2001. He also sits in the Board of Malaysia AE Models Holdings Berhad, Mercedes Holdings Berhad and Wing Tiek Holdings Berhad and several other private companies. He holds a total of 47,000 ordinary shares directly and 1,000 units of ICULS in LDAUN and is deemed to have an interest in the shares of the subsidiary company to the extent held by LDAUN. He 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 offence over the past 10 years.

**DATO' NOOR AZMAN @ NOOR HIZAM BIN MOHD NURDIN**, aged 42, Malaysian, was appointed as Non-Independent Non-Executive Director of LDAUN on 7 January 2004. He graduated with an Honours in Business Management degree from University Kebangsaan Malaysia. He began his career as a Corporate and Retail Banking Executive with MUI Bank Berhad in 1985. He left MUI Bank Berhad in 1988 to set up Lebar Daun Construction Sdn. Bhd.. He also sits on the boards of various other private companies. He does not hold any other directorships of public companies. He holds a total of 90,459,800 ordinary shares (direct and indirect) and 1,000 units of ICULS in LDAUN and is deemed to have an interest in the shares of the subsidiary company to the extent held by LDAUN. He is the brother of Encik Norazmi Bin Mohamed Nurdin, the Chairman and Managing Director of LDAUN. He is deemed to have interest in certain recurrent related party transactions entered/to be entered by the LDAUN Group, of which the shareholders' ratification and mandate is to be obtained at an Extraordinary General Meeting to be held immediately after the 2nd Annual General Meeting of the Company. He has not been convicted of any offence over the past 10 years.

The Board of Directors of Lebar Daun Berhad (“the Board”) recognizes the importance of practicing the highest standards of corporate governance throughout the Company and its subsidiary company (“the Group”) and fully supports the recommendations of the Malaysian Code on Corporate Governance (“the Code”). Since the Company’s listing on the Second Board of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 1 March 2004, various steps have been undertaken to implement the recommendations of the Code.

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. Any areas where the Group has not complied with the Code are explained within this statement.

## **THE BOARD OF DIRECTORS**

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

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

The Board has overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the resources, investments and businesses of the Group.

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 business, policies and administration matters and is able to lend a hands-on approach in managing the Group.

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.



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## STATEMENT ON CORPORATE GOVERNANCE



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

There were no formal meetings held during the financial year. However, all the Board's decisions were documented through Directors' Circular Resolutions in writing pursuant to authority given by Article 126 of the Company's Articles of Association. All Board decisions were agreed unanimously.

The Board plans to meet on a quarterly basis, with additional meetings convened as and when required. 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.

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.

Since the date of listing on 1 March 2004, no new appointment was made to the Board as the Board is of the opinion that the current composition of the Board brings the required mix of skills and core competencies required for the Board to discharge its duties effectively.

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

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

**Directors' Training**

Save for Encik Norazmi Bin Mohamed Nurdin and Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin, whom have been granted extension of time by the Bursa Malaysia and are expected to complete the Mandatory Accreditation Programme ("MAP") by June 2004, all the other members of the Board have attended the MAP.

Directors are also encouraged to attend continuous education programmes and seminars to keep abreast with developments in the market place.

**BOARD COMMITTEES**

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

**Audit Committee**

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

**Nomination Committee**

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

**Chairman**

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

**Members**

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

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

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

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## STATEMENT ON CORPORATE GOVERNANCE



### **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 the 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.

There was no remuneration paid to the Directors of the Company for the financial year ended 31 December 2003.

### **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.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements 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.

**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 and cash flows of the Group and of the Company for the financial year then ended.

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

**Internal Control**

The Statement on Internal Control is set out on pages 20 and 21 of this Annual Report.

**Relationship with Auditors**

The Group has established and maintained an appropriate and transparent relationship with the Group's external auditors, Messrs. Khairuddin Hasyudeen & Razi in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

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## STATEMENT ON CORPORATE GOVERNANCE



### ADDITIONAL COMPLIANCE INFORMATION

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

#### Utilisation of Proceeds

The proceeds that have been raised from the Public Issue have been utilised in the following manner:

	As approved by the Securities Commission (RM'000)	Utilised as at the date of report (RM'000)	Unutilised as at the date of report (RM'000)
Working capital	4,000	3,500	500
Estimated listing expenses	2,500	2,355	145
	<u>6,500</u>	<u>5,855</u>	<u>645</u>

#### Share Buybacks

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

#### Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued by the Company during the year. However, subsequent to the financial year end, the Company had undertaken the following which had been approved by the relevant authorities, as an integral part of the listing exercise of the Company and pursuant to its listing on the Second Board of the Bursa Malaysia on 1 March 2004:

Issuance of Three (3) year Irredeemable Convertible Unsecured Loan Stocks 2004/2007 with an aggregate nominal value of up to RM18,000,000.00 only ("2004/2007 ICULSs") with a nominal value of RM1.00 only each and with interest payable based on the nominal value of the 2004/2007 ICULSs at the rate of 2% per annum during the tenure of the 2004/2007 ICULSs up to the Maturity Date. Out of RM18,000,000.00 2004/2007 ICULSs, RM100,000.00 nominal value of 2004/2007 ICULSs were made available to the employees and placees nominated by the Company.

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

The Company does not sponsor any ADR or GDR programme.

**Imposition of Sanctions/Penalties**

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

**Non-Audit Fees**

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

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

The Company did not release any profit estimate, forecast or projection for the financial year.

**Profit Guarantees**

There were no profit guarantees given by the Company.

**Material Contracts**

During the financial year, there were no material contracts entered into by the Company involving the Directors and major shareholders interests and still subsisting at the end of the financial year.

**Recurrent Related Parties Transactions**

The Company proposes to seek shareholders' ratification and mandate for recurrent related party transactions of a revenue or trading nature at an Extraordinary General Meeting to be held immediately after the 2nd Annual General Meeting of the Company. The details of the mandate to be sought will be furnished in a separate Circular to the Shareholders.

**Revaluation of Landed Properties**

During the financial year, the Company does not have a revaluation policy on landed properties as the Company does not own any landed property.

**COMPOSITION**

The Audit Committee was established on 14 January 2004. As at the date of this Annual Report, the composition of the Audit Committee is as follow:

***Chairman***

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

***Members***

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

Encik Norazmi Bin Mohamed Nurdin (*Managing Director*)

**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 from among their number which fulfils the following requirements:-

- a) the Audit Committee must be composed of no fewer than 3 members;
- b) a majority of the Audit Committee must be independent directors; and

- c) at least one of the member of the Audit Committee:-
- i) must be a member of the Malaysian Institute of Accountants; or
  - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
    - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
  - iii) fulfils such other requirements as may from time to time be prescribed by the Bursa Malaysia Securities Berhad.

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

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

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

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

### **3. Functions**

The functions of the Audit Committee are as follows:-

- a) To review the following and report the same to the Board of Directors:-
  - i) with the external auditors, the audit plan;
  - ii) with the external auditors, his evaluation of the system of internal controls;
  - iii) with the external auditors, his audit report;
  - iv) the assistance given by the Company's employees to the external auditors; and
  - v) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;



(Continued)

## AUDIT COMMITTEE REPORT



- b) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors;
- c) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d) To review the quarterly results and year-end financial statements before recommending for the Board of Directors' approval, focusing particularly on:-
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements;
- e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- f) To review the external auditors' management letter and management's response;
- g) In relation to Internal Audit function:-
  - Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
  - Review any appraisal or assessment of the performance of members of the internal audit function;
  - Approve any appointments or termination of senior staff members of the internal audit function or consultants who will provide the services of the internal audit function;
  - Inform itself of resignations of internal audit staff members or consultants and provide the resigning staff members or consultants an opportunity to submit his reasons for resigning;
  - Review and assess the adequacy of the risk management framework and risk assessment.
- h) To consider the major findings of internal investigations and management's response;
- i) To report to the Bursa Malaysia Securities Berhad matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements; and
- j) To consider other areas as defined by the Board.

**4. Authority**

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

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) be able to obtain independent professional or other advice; and
- f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

**5. Meetings**

The Audit Committee shall meet at least 4 times a year and shall hold such additional meetings as the Chairman shall decide in order to fulfill its duties. However, at least once a year the Audit Committee shall meet with the external auditors.

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

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

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

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

(Continued)

## AUDIT COMMITTEE REPORT



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

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

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

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

There were no Audit Committee meetings held and the Audit Committee has not carried out its duties during the financial year ended 31 December 2003 as the Audit Committee was only established on 14 January 2004. Nevertheless, the Audit Committee will, in the coming years carry out its duties as set out in its terms of reference.

### INTERNAL AUDIT FUNCTION

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

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

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

**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 Malaysia") requires the Board of Directors of listed companies to include a statement on internal control as a group in its annual report.

**RESPONSIBILITY**

Lebar Daun Berhad ("LDAUN" or "the Company") was incorporated on 28 August 2002 as an investment holding company. It was incorporated for the purpose of facilitating the completion of the Restructuring Scheme which resulted in LDAUN becoming the ultimate holding company of Lebar Daun Construction Sdn Bhd ("LDCSB") and taking over the listing status of Hiap Aik Construction Berhad (Special Administrators Appointed) on the Second Board of the Bursa Malaysia. LDAUN was listed on the Second Board of the Bursa Malaysia on 1 March 2004.

The Company has not commenced its operation during the year as the acquisition of LDCSB was only completed on 7 January 2004.

Prior to the formation of LDAUN Group, the review of adequacy and the integrity of system of internal control of LDCSB was performed by the Managing Director and his management team through their day-to-day involvement in the operation with the assistance of its internal audit department.

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

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

However, such a system is designed to manage risk rather than to eliminate risk of failure to achieve business objectives, and provides only reasonable assurance, but not absolute assurance against material misstatement or loss.

(Continued)

## STATEMENT ON INTERNAL CONTROL



### RISK MANAGEMENT FRAMEWORK

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

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

- There is an organization structure which formally defines and entrench lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.
- Management meetings are conducted regularly to review and oversee the Group's financial performance, business development, management and corporate issues.
- The Audit Committee examines the effectiveness of the Group's systems of internal control on behalf of the Board. This is accomplished through review of the internal audit department's work. The internal audit independently reviews the risk identification procedures and control processes implemented by the management and reports to the Audit Committee periodically. Internal audit also reviews the internal controls in the key activities of the Group's business and functional units in accordance with audit plan approved by the Audit Committee and the Board.
- An Employee Handbook clearly emphasizes ethical behavior and working environment to enhance positive corporate values.
- Regular visit to project sites by the Managing Director and senior management.

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

*On behalf of the Board of Directors, I have the pleasure to present you the Annual Report of Lebar Daun Berhad for the financial year ended 31st December 2003.*

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 was incorporated for the purpose of facilitating the completion of the Restructuring Scheme which resulted in LDAUN becoming the ultimate holding company of the Lebar Daun Construction Sdn Bhd ("LDCSB") and taking over the listing status of Hiap Aik Construction Berhad (Special Administrators Appointed) on the Second Board of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). LDAUN was successfully listed on the Second Board of the Bursa Malaysia on 1st March 2004. The Group is principally engaged in the business of civil and building construction works.

Guided by a competent, hands-on and experienced management team, LDAUN's wholly owned subsidiary, LDCSB has recorded an aggregate profit after tax of approximately RM22.1 million over the past three (3) financial years ended 31 December 2002. Based on the audited financial statements for the period ended 31 December 2003, LDCSB recorded a profit after tax of RM21.9 million. The good profit track record reflects the confidence and acceptance that developers or clients have in the project undertaken by LDCSB.

The LDAUN Group adopts a selective policy when tendering for private sector projects due to the credit risks and unstable payment patterns frequently associated with private sector projects. With such prudent emphasis adopted by the management, a portion of the projects currently being undertaken by the LDAUN Group are Government and quasi-Government related projects such as civil and infrastructure works including road works, bridges, drainage and water reticulation systems and construction works such as the construction of institution of higher learning and reticulation plant. These quasi-Government and Government projects have lower credit risks and payments are generally more regular and timely.

The objective of the housing development programme as outlined in the 8th Malaysia Plan will be to increase accessibility to adequate, affordable and quality houses for all income groups. Hence, more project are expected to be in the pipeline from the State and Federal Government with a total of 152,148 units of houses required in the Klang Valley alone. Together with the continuous efforts by the Federal and State Governments to improve social infrastructure by building and upgrading roads, schools, hospitals and other public amenities, there is a tremendous potential for the LDAUN Group to secure more construction projects in the future years.

(Continued)

## CHAIRMAN'S STATEMENT



Currently the LDAUN Group has approximately RM1.54 billion worth of projects in-hand. More projects are expected to come on stream as its reputation continues to grow and through its aggressive bidding for projects from the Federal and State Government and other government agencies.

In order to minimize its dependence on affiliated companies, the LDAUN Group has actively bid for external projects. As at 31 December 2003, LDCSB has secured RM461.8 million from external parties. The LDAUN Group intends to participate in tenders for state and federal government projects particularly in infrastructure works.

In addition, the LDAUN Group is aggressively recruiting qualified personnel and continuously improving its operations especially in areas of internal control, risk management by adopting best practices in the industry. It intends to develop its expertise in other related areas e.g. consultancy services for the construction industry where the margin is higher.

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude and appreciation to our valued customers, shareholders, financiers, and business associates for their continued confidence and support and for the government and regulatory attributes for their guidance and understanding. Last but not least, we would like to record our appreciation to all our employees for their dedications and commitment throughout the year.

**Norazmi Bin Mohamed Nurdin**  
Chairman/Managing Director

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2003.

#### **THE COMPANY**

The Company was incorporated on 28 August 2002 and has yet to commence its operations as at 31 December 2003.

#### **CHANGE OF NAME**

On 10 February 2003, the Company has changed its name from ANGKASA GANDA BERHAD to its present name.

#### **RESULTS**

	<b>RM</b>
Loss after taxation	(79,300)
Accumulated lossess brought forward	<u>(9,350)</u>
Accumulated losses carried forward	<u><u>(88,650)</u></u>

#### **DIVIDENDS**

There were no dividends proposed, declared or payable during the financial year.

#### **RESERVES AND PROVISIONS**

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

#### **SHARE CAPITAL**

On 17 January 2003, the Company sub-divided its authorised share capital from 100,000 ordinary shares of RM1.00 each to 200,000 ordinary shares of RM0.50 each. Subsequently, the Company sub-divided its issued and paid up share capital from 2 ordinary shares of RM1.00 each to 4 ordinary shares of RM0.50 each.

On 13 October 2003, the Company increased its authorised share capital from RM100,000 to RM250,000,000 by creation of 499,800,000 ordinary shares of RM0.50 each.



(Continued)

**DIRECTORS' REPORT AND STATEMENT**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003



**DIRECTORS OF THE COMPANY**

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

Norazmi Bin Mohamed Nurdin	(Appointed w.e.f. 7.1.2004)
Datuk Mohd Hashim Bin Hassan	(Appointed w.e.f. 7.1.2004)
Prof Dr Hamzah Bin Ismail	(Appointed w.e.f. 7.1.2004)
Dato' Nik Ismail Bin Dato' Nik Yusoff	(Appointed w.e.f. 7.1.2004)
Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	(Appointed w.e.f. 7.1.2004)
Shah Rudin Bin Mohammed Miskun	(Resigned w.e.f. 7.1.2004)
Nor Lia Binti Johan	(Resigned w.e.f. 7.1.2004)

**DIRECTORS' INTEREST**

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

Directors	Number of ordinary shares of RM1.00 each			Balance as at 31.12.2003
	Balance as at 1.1.2003	Bought	Sold	
Shah Rudin Bin Mohammed Miskun	1	-	-	1
Nor Lia Binti Johan	1	-	-	1

On 17 January 2003, the Company had sub-divided the ordinary shares of RM1.00 each to RM0.50 each.

Directors	Number of ordinary shares of RM0.50 each			Balance as at 31.12.2003
	Balance as at 31.1.2003	Bought	Sold	
Shah Rudin Bin Mohammed Miskun	2	-	-	2
Nor Lia Binti Johan	2	-	-	2

**DIRECTORS' BENEFITS**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Since the end of last financial year, no director of the Company has received or become entitled to receive any benefits by reason of a contract made by the Company or a related corporation with the director or with a firm which the director is a member or with a company in which the director has a substantial financial interest.

**OTHER STATUTORY INFORMATION**

Before the income statement and the balance sheet of the Company were made out, the directors took reasonable steps:

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

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

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

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

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

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

**EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

Events subsequent to balance sheet are disclosed in Note 12 to the financial statements.

(Continued)

**DIRECTORS' REPORT AND STATEMENT**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003



In the opinion of the directors:

- (i) the results of the operations of the Company for the financial year ended 31 December 2003 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report, and
- (ii) the financial statements set on pages 30 to 37, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31 December 2003 and of its results, its changes in equity and cash flows for the financial year ended on that date.

**AUDITORS**

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

Signed in accordance with a resolution of the directors,

**NORAZMI BIN MOHAMED NURDIN**  
Director

**DATO' NOOR AZMAN @ NOOR HIZAM BIN MOHD NURDIN**  
Director

Kuala Lumpur

Dated : 18 FEB 2004

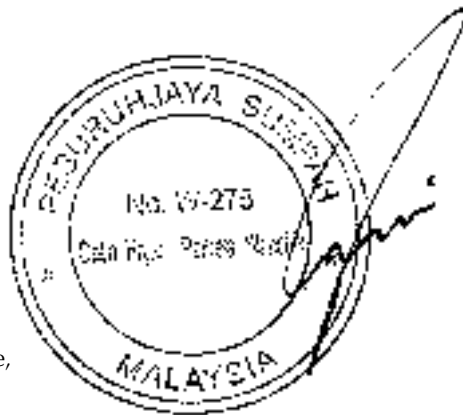
I, SEE THOO SU JEAN, being the officer primarily responsible for the accounting records and financial management of LEBAR DAUN BERHAD (Formerly known as ANGKASA GANDA BERHAD), do solemnly and sincerely declare that the financial statements set out on pages 30 to 37 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )

SEE THOO SU JEAN )

at Kuala Lumpur in the state of Federal )

Territory on **18 FEB 2004** )



Before me,

B-16-5  
Block B, Ring 16, Unit 5  
Mitsun Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel: 017-2908700  
01-27156256

**SEE THOO SU JEAN**

**REPORT OF THE AUDITORS TO THE MEMBERS  
OF LEBAR DAUN BERHAD** (Formerly known as ANGKASA GANDA BERHAD)



We have audited the financial statements set out on pages 30 to 37 of LEBAR DAUN BERHAD (Formerly known as ANGKASA GANDA BERHAD).

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

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

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

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
  - (ii) the state of affairs of the Company as at 31 December 2003 and of the results and the cash flows of the Company for the financial year ended on that date;

and

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

**KHAIRUDDIN HASYUDEEN & RAZI**

AF 1161

Chartered Accountants

Kuala Lumpur

Dated : 18 FEB 2004

**Ahmad Shahrul Bin Hj. Mohamed**

2138/04/05 (J)

Partner of the Firm

**BALANCE SHEET**  
 AS AT 31 DECEMBER 2003

	NOTE	2003 RM	2002 RM
<b>CURRENT ASSET</b>			
Cash in hand		<u>2</u>	<u>2</u>
		<u>2</u>	<u>2</u>
<b>CURRENT LIABILITY</b>			
Other payables and accruals		<u>88,650</u>	<u>9,350</u>
		<u>88,650</u>	<u>9,350</u>
NET CURRENT LIABILITIES		<u>(88,648)</u>	<u>(9,348)</u>
		<u>(88,648)</u>	<u>(9,348)</u>
<b>REPRESENTED BY:</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	<u>2</u>	<u>2</u>
Accumulated losses		<u>(88,650)</u>	<u>(9,350)</u>
		<u>(88,648)</u>	<u>(9,348)</u>

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

## INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003



LEBAR DAUN BERHAD<sup>(590945-H)</sup>

	NOTE	For 12 months period ended 31-12-2003 RM	For 4 months period ended 31-12-2002 RM
Revenue		-	-
Cost of Sales		-	-
Gross profit / (loss)		-	-
Administrative expenses		(79,300)	(9,350)
Loss before taxation	7	(79,300)	(9,350)
Taxation	8	-	-
Net loss after taxation		(79,300)	(9,350)
Loss per share	9	39,650	-

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

**STATEMENT OF CHANGES IN EQUITY**  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	<b>Share capital RM</b>	<b>Accumulated losses RM</b>	<b>Total RM</b>
As at 28 August 2002 (date of incorporation)	2	-	2
Net loss for the period	-	(9,350)	(9,350)
Balance as at 31 December 2002	<u>2</u>	<u>(9,350)</u>	<u>(9,348)</u>
Net loss for the year	-	(79,300)	(79,300)
<b>Balance as at 31 December 2003</b>	<b><u>2</u></b>	<b><u>(88,650)</u></b>	<b><u>(88,648)</u></b>

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



## CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003



LEBAR DAUN BERHAD<sup>(590945-H)</sup>

	<b>For 12 months period ended 31-12-2003 RM</b>	<b>For 4 months period ended 31-12-2002 RM</b>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Proceed from issuance of shares	-	2
<i>Net cash provided by financing activity</i>	<u>-</u>	<u>2</u>
<b>Net increase in cash and cash equivalents</b>	-	2
<b>Cash and cash equivalents brought forward</b>	<b>2</b>	-
<b>Cash and cash equivalents carried forward</b>	<u><u>2</u></u>	<u><u>2</u></u>

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

**1. GENERAL**

- (a) The Company was incorporated on 28 August 2002 and has yet to commence its operations as at 31 December 2003.
- (b) The registered office is located at Wisma Lebar Daun, No. 2, Jalan Tengku Ampuan Zabedah J9/J, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan.
- (c) There was no employee (2002 : Nil) at the end of the financial year.

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

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

**3. DATE OF AUTHORISATION OF ISSUE**

The financial statements were authorised for issue by the Board of Directors on 18 February 2004.

**4. FINANCIAL RISK MANAGEMENT POLICIES**

The Company has no formal risk management structure with respect to its financial assets. Risks are handled on case to case basis by the directors as and when issues arise.

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

**(a) Foreign currency risk**

The Company does not have material foreign currency transactions, assets or liabilities and hence are not exposed to any significant or material currency risks.

**(b) Interest rate risk**

The Company does not have any borrowings or cash deposits and hence is not exposed to interest rate risks.

**(c) Market risk**

The Company does not have any quoted investments and hence is not exposed to market risks.

**(d) Credit risk**

The Company does not have any exposure to credit risks of counterparties defaulting, arising from cash deposits and receivables.

(Continued)

## NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2003



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

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

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

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of accounting**

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

(b) **Cash and cash equivalents**

Cash comprises of cash in hand.

(c) **Financial instruments**

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

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

### 6. SHARE CAPITAL

	<b>2003</b>	2002
	<b>RM</b>	RM
Authorised:		
Ordinary shares of RM1 each		
As at beginning of the financial year	<b>100,000</b>	100,000
Sub-divided into RM0.50 each during the financial year	<b>(100,000)</b>	-
As at end of the financial year	<u>-</u>	<u>100,000</u>

	<b>2003</b>	2002
	<b>RM</b>	RM
Authorised:		
Ordinary shares of RM0.50 each		
As at beginning of the financial year	-	-
Sub-divided from RM1.00 each to RM0.50 each during the financial year	<b>100,000</b>	-
Created during the financial year	<b>249,900,000</b>	-
As at end of the financial year	<b>250,000,000</b>	-
Issued and paid-up:		
2 ordinary shares of RM1 each	-	2
4 ordinary shares of RM0.50 each	<b>2</b>	-

#### 7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following item:

	<b>For 12 months period ended 31-12-2003</b>	For 4 months period ended 31-12-2002
	<b>RM</b>	RM
Audit fees	<b>2,500</b>	500

#### 8. TAXATION

No taxation has been provided in the current year's financial statements since the Company has yet to commence its operations.

#### 9. LOSS PER SHARE

The loss per share is calculated by dividing the Company's loss after taxation by the member of ordinary shares of 2 in issue.

#### 10. SEGMENT INFORMATION

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

(Continued)

## NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2003



LEBAR DAUN BERHAD<sup>(590945-H)</sup>

### 11. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions entered into by the Company during the financial year.

### 12. SUBSEQUENT EVENTS TO THE BALANCE SHEET DATE

- (a) On 7 January 2004, the Company increased its paid up capital from RM2 to RM56,500,002 by the issuance of 113,000,000 ordinary shares of RM0.50 each for additional working capital.
- (b) On 7 January 2004, the Company acquired 17,000,000 ordinary shares of Lebar Daun Construction Sdn. Bhd. representing its entire shareholding at RM17,000,000. As a result, Lebar Daun Construction Sdn. Bhd. becomes the Company's subsidiary Company.
- (c) Pursuant to the Company's listing exercise on their Second Board of Malaysia Securities Exchange Berhad, in its prospectus dated 10 February 2004, the Company is issuing additional 24,000,000 ordinary shares at RM0.50 each to its eligible directors, employees, business associates and the public at an offer price of RM1.20 each.

The Company is also offering a placement of RM100,000 nominal value at 3 years 2% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2004/2007.

Pursuant to the above, the Company also assumes the listing status from Hiap Aik Construction Berhad (11140-V, Special Administrators Appointed).

### 13. FAIR VALUES

The carrying amounts of the Company's financial assets and financial liabilities at the balance sheet date approximate their fair values because of the short maturity of these instruments.

### 14. COMPARATIVE FIGURES

The comparative figures of current year is made for the 12 months period from 1 January 2003 to 31 December 2003. The previous year's figures was made for the 4 months period from 28 September 2002 to 31 December 2002.

**ANALYSIS OF SHAREHOLDINGS AS AT 30 APRIL 2004**

Authorised Share Capital	:	RM250,000,000.00
Issued and Paid Up Capital	:	RM59,241,837.50
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One (1) vote per Ordinary Share
No. of Shareholders	:	2,375

**DISTRIBUTION OF SHAREHOLDINGS**

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	1,638	68.97	35,976	0.03
100 - 1,000	464	19.54	231,943	0.20
1,001 - 10,000	195	8.21	807,547	0.68
10,001 - 100,000	58	2.44	1,838,009	1.55
100,001 - less than 5% of issued shares	18	0.76	27,020,200	22.80
5% and above of issued shares	2	0.08	88,550,000	74.74
<b>Total</b>	<b>2,375</b>	<b>100.00</b>	<b>118,483,675</b>	<b>100.00</b>

**DIRECTORS' SHAREHOLDINGS**

Name of Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Norazmi Bin Mohamed Nurdin	1,581,000	1.33	88,878,800	75.01 <sup>(1)</sup>
2. Datuk Mohd Hashim Bin Hassan	-	-	-	-
3. Prof Dr. Hamzah Bin Ismail	50,000	0.04	-	-
4. Dato' Nik Ismail Bin Dato' Nik Yusoff	47,000	0.04	-	-
5. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	88,550,000	74.74	1,909,800	1.61 <sup>(2)</sup>

*Notes:-*

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

(Continued)

## ANALYSIS OF SHAREHOLDINGS



### SUBSTANTIAL SHAREHOLDER

Name of Shareholder	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	88,550,000	74.74	1,909,800	1.61 <sup>(1)</sup>

Notes:-

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

### LIST OF 30 LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. Noor Azman @ Noor Hizam Bin Mohd Nurdin	74,550,000	62.92
2. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	14,000,000	11.82
3. Asnor Bin Abd Malik	5,500,000	4.64
4. Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Mohd Don Bin Mastol @ Mastor)	4,840,400	4.09
5. Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Mustapah Bin Mohamed)	4,070,000	3.44
6. Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Mohd Hata Bin Mansor)	4,065,200	3.43
7. Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Mhd Omar Bin Abdul Hamid)	3,237,500	2.73
8. Zat Tulin Sdn. Bhd.	1,715,000	1.45
9. Norazmi Bin Mohamed Nurdin	1,365,000	1.15
10. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Jamil Bin Saimon)	500,000	0.42
11. Norgayah Binti Md Razi	226,300	0.19
12. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Norazmi Bin Mohamed Nurdin)	216,000	0.18

**LIST OF 30 LARGEST SHAREHOLDERS**

Name of Shareholders	No. of Shares	%
13. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noorazhar Bin Mohamed Nurdin)	200,000	0.17
14. Ahmad Zaini Bin A Jamil	199,900	0.17
15. HDM Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Madzlan Bin Jamaluddin)	176,300	0.15
16. Mohamad Khashim Bin Abdul Sakor	161,900	0.14
17. Khairuddin Bin Yaacob	154,800	0.13
18. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Anuar Bin Abd. Malik)	151,000	0.13
19. Norazura Binti Nongshah	128,300	0.11
20. Mohd Faiz Bin Hamzah	112,600	0.10
21. Ridzuan Bin Ismail	91,200	0.08
22. Haifos Holdings Sdn. Bhd.	86,900	0.07
23. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Razali Bin Hassan)	80,000	0.07
24. Mohd. Yusof Bin Mahmud	76,500	0.06
25. Mazli Bin Mokhtar	72,000	0.06
26. Fauziah Binti Aziz	64,000	0.05
27. See Thoo Su Jean	62,500	0.05
28. Mokhti Bin Sidol	61,500	0.05
29. HDM Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Sahri Bin Bahari)	60,000	0.05
30. Noorazhar Bin Mohamed Nurdin	55,800	0.05
<b>TOTAL</b>	<b>116,280,600</b>	<b>98.14</b>



## ANALYSIS OF ICULS HOLDINGS



### ANALYSIS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2004/2007 ("ICULS") AS AT 30 APRIL 2004

Issued	:	RM18,000,000.00 nominal value of 2% ICULS
Voting Rights	:	None
No. of ICULS holders	:	90

### DISTRIBUTION OF ICULS

Size of Holdings	No. of ICULS holders	%	No. of ICULS	%
Less than 100	0	0.00	0	0.00
100 - 1,000	87	96.67	83,700	0.47
1,001 - 10,000	1	1.11	4,500	0.02
10,001 - 100,000	1	1.11	11,800	0.07
100,001 - less than 5% of ICULS issued	0	0.00	0	0.00
5% and above of ICULS issued	1	1.11	17,900,000	99.44
<b>Total</b>	<b>90</b>	<b>100.00</b>	<b>18,000,000</b>	<b>100.00</b>

### DIRECTORS' ICULS HOLDINGS

Name of Directors	Direct		Indirect	
	No. of ICULS	%	No. of ICULS	%
1. Norazmi Bin Mohamed Nurdin	1,000	0.01	4,000	0.02 <sup>(1)</sup>
2. Datuk Mohd Hashim Bin Hassan	1,000	0.01	-	-
3. Prof Dr. Hamzah Bin Ismail	1,000	0.01	-	-
4. Dato' Nik Ismail Bin Dato' Nik Yusoff	1,000	0.01	-	-
5. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	1,000	0.01	4,000	0.02 <sup>(2)</sup>

Notes:-

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

(2) Deemed interest by virtue of his brothers, Norazmi Bin Mohamed Nurdin's, Norazlan Bin Mohamad Nordin's and Noorazhar Bin Mohamed Nurdin's and his sister-in-law, Fatmawati Bt Kasbin's direct ICULS holdings in Lebar Daun Berhad

### SUBSTANTIAL ICULS HOLDERS

Name of ICULS holder	No. of ICULS	Direct		Indirect	
		No. of ICULS	%	No. of ICULS	%
1. Shah Rudin Bin Mohammed Miskun	17,900,000		99.44	-	-

**LIST OF 30 LARGEST ICULS HOLDERS**

<b>Name of ICULS holders</b>	<b>No. of ICULS</b>	<b>%</b>
1. Shah Rudin Bin Mohammed Miskun	17,900,000	99.44
2. Zainon @ Wan Haslah Binti Hj Hussin	11,800	0.07
3. Ridzuan Bin Ismail	4,500	0.03
4. Nik Ismail Bin Dato Nik Yusoff	1,000	0.01
5. See Thoo Su Jean	1,000	0.01
6. Misrijan Bin Hahton	1,000	0.01
7. Hamzah Bin Ismail	1,000	0.01
8. Razali Bin Hassan	1,000	0.01
9. AMSEC Nominees (Tempatan) Sdn Bhd (Mohd Hashim Bin Hassan)	1,000	0.01
10. Jamil Bin Saimon	1,000	0.01
11. Rattan Kumar A/L Chunilall	1,000	0.01
12. Rohani Binti Mat	1,000	0.01
13. Chan Ah Tin @ Chan Sor Chin	1,000	0.01
14. Mark Lim Jian Lun	1,000	0.01
15. Haslinoryati Binti Ikhwan	1,000	0.01
16. Noor Azman @ Noor Hizam Bin Mohd Nurdin	1,000	0.01
17. Norazmi Bin Mohamed Nurdin	1,000	0.01
18. Noorazhar Bin Mohamed Nurdin	1,000	0.01
19. Venkitta Ramanamma A/P Muniandy	1,000	0.01
20. Norizamshah Bin Zainal	1,000	0.01
21. Mariani Binti Mohd Yusof	1,000	0.01
22. Eniqah Binti Mohd Ariffin	1,000	0.01
23. Norazlan Bin Mohamad Nordin	1,000	0.01
24. Mohd Faizulhisham Bin Fauzi	1,000	0.01
25. Mohd Aroff Bin Suratman	1,000	0.01
26. Mohamad Hadi Bin Zakaria	1,000	0.01
27. Narullizam Bin Zainal Abidin	1,000	0.01
28. Nasaruddin Bin Pilus	1,000	0.01
29. Ahmad Razali Bin Mohd Pattali	1,000	0.01
30. Azliza Binti Noordin @ Mohd Noordin	1,000	0.01
<b>TOTAL</b>	<b>17,943,300</b>	<b>99.69</b>

**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 Second Annual General Meeting of the Company to be held at Room - Concorde I, Concorde Hotel, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 29 June 2004 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 To receive the Audited Financial Statements and Reports thereon for the financial year ended 31 December 2003		
No. 2 Re-election of Datuk Mohd Hashim Bin Hassan as Director		
No. 3 Re-election of Prof Dr. Hamzah Bin Ismail as Director		
No. 4 Re-election of Dato' Nik Ismail Bin Dato' Nik Yusoff as Director		
No. 5 Re-election of Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin as Director		
No. 6 Re-appointment of Messrs Khairuddin Hasyudeen & Razi as Auditors		
No. 7 To authorise the Directors to allot and issue new ordinary shares in the Company pursuant to Section 132D of the Companies Act, 1965		

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2004

No. of shares held :

\_\_\_\_\_  
Signature/Common Seal of Member(s)

**Notes:-**

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

fold here

Stamp

The Company Secretary  
**LEBAR DAUN BERHAD** (Company No. 590945-H)  
Wisma Lebar Daun  
No. 2, Jalan Tengku Ampuan Zabedah J9/J  
Seksyen 9, 40000 Shah Alam  
Selangor Darul Ehsan, Malaysia

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