

Lebar Daun Berhad
(Company No. 590945-H)
(Incorporated in Malaysia)
and its subsidiaries

**Financial statements for the year
ended 31 December 2007**

Lebar Daun Berhad

(Company No. 590945-H)

(Incorporated in Malaysia)

and its subsidiaries

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' 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 1.1.2007	Bought	Sold	At 31.12.2007
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 1.1.2007	Conversion	Sold	At 31.12.2007
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' 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.

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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.

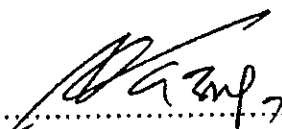
No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and 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 APR 2008

Lebar Daun Berhad

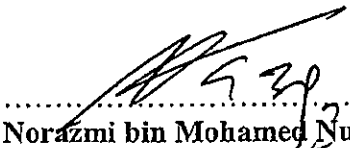
(Company No. 590945-H)

(Incorporated in Malaysia)


and its subsidiaries**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 9 to 58 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 APR 2008**

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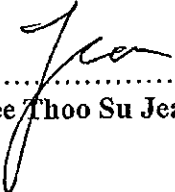
and its subsidiaries

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

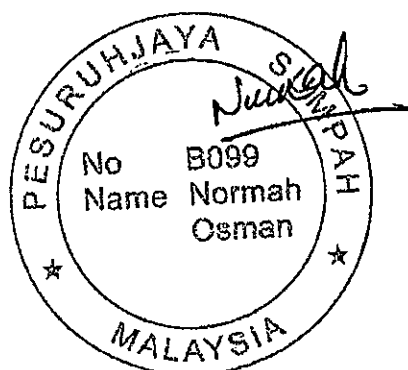
I, **See Thoo Su Jean**, the officer primarily responsible for the financial management of Lebar Daun Berhad, do solemnly and sincerely declare that the financial statements set out on pages 9 to 58 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

12 APR 2008

Subscribed and solemnly declared by the above named in Shah Alam on


.....
See Thoo Su Jean

Before me:



26, Tingkat 1, Jln Tengku
Ampuan Zabedah A, 9/A
40100 Shah Alam
Selangor Darul Ehsan.



KPMG (Firm No. AF 0758)
Chartered Accountants
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

Telephone +60 (3) 2095 3388
Fax +60 (3) 2095 0971
Internet www.kpmg.com.my

Report of the auditors to the members of Lebar Daun Berhad

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We have audited the financial statements set out on pages 9 to 58. 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.

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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.

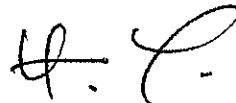
The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.



KPMG

Firm Number: AF 0758

Chartered Accountants



Hasman Yusri Yusoff

Partner

Approval Number: 2583/08/08(J)

Kuala Lumpur, Malaysia

Date: 12 April 2008

Lebar Daun Berhad

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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		<u>16,831,848</u>	<u>16,561,378</u>	<u>74,553,228</u>	<u>74,573,831</u>
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		<u>174,250,728</u>	<u>167,232,743</u>	<u>4,759,587</u>	<u>4,346,792</u>
Total assets		<u><u>191,082,576</u></u>	<u><u>183,794,121</u></u>	<u><u>79,312,815</u></u>	<u><u>78,920,623</u></u>
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		<u>117,557,583</u>	<u>114,291,048</u>	<u>79,154,055</u>	<u>78,715,177</u>

Balance sheets at 31 December 2007

(continued)

		Group		Company	
	Note	2007	2006	2007	2006
		RM	RM	RM	RM
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 16 to 58 are an integral part of these financial statements.

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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		<u>8,843,600</u>	<u>11,509,787</u>	<u>850,000</u>	<u>4,080,000</u>
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		<u>4,886,536</u>	<u>7,167,115</u>	<u>636,072</u>	<u>3,839,050</u>
Interest income		254,861	568,855	3,028	11,424
Finance costs		(369,625)	(339,508)	(2,920)	(4,238)
Profit before tax	16	<u>4,771,772</u>	<u>7,396,462</u>	<u>636,180</u>	<u>3,846,236</u>
Tax expense	18	(1,526,737)	(4,228,523)	(218,802)	(1,151,021)
Profit for the year attributable to shareholders of the Company		<u><u>3,245,035</u></u>	<u><u>3,167,939</u></u>	<u><u>417,378</u></u>	<u><u>2,695,215</u></u>
Basic earnings per ordinary share (sen)	19	<u><u>2.38</u></u>	<u><u>2.32</u></u>		

The notes on pages 16 to 58 are an integral part of these financial statements.

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Consolidated statement of changes in equity for the year ended 31 December 2007

Group	Note	Non-distributable		Distributable		Total equity RM
		Share capital RM	Share premium RM	Capital reserve RM	Retained earnings 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 16 to 58 are an integral part of these financial statements.

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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

Cash flow statements for the year ended 31 December 2007

(continued)

	Note	Group		Company	
		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 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

Cash flow statements for the year ended 31 December 2007

(continued)

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)	-	-
		<u>3,853,070</u>	<u>9,314,170</u>	<u>649,335</u>	<u>497,391</u>
Less: Deposits pledged	10	(3,742,141)	(3,621,497)	-	-
		<u>110,929</u>	<u>5,692,673</u>	<u>649,335</u>	<u>497,391</u>

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 16 to 58 are an integral part of these financial statements.

Lebar Daun Berhad

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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.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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
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.

1. Basis of preparation (continued)

(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

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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) *Subsidiaries (continued)*

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.

2. Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(i) *Recognition and measurement (continued)*

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.

(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.

2. Significant accounting policies (continued)

(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.

(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.

2. Significant accounting policies (continued)

(d) Investments properties (continued)

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.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(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.

(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.

2. Significant accounting policies (continued)

(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.

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.

2. Significant accounting policies (continued)

(k) Impairment of assets (continued)

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.

2. Significant accounting policies (continued)

(n) Provisions (continued)

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.

2. Significant accounting policies (continued)

(p) Revenue (continued)

(iii) Construction contracts (continued)

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.

(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.

2. Significant accounting policies (continued)

(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.

2. Significant accounting policies (continued)

(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.

(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
<i>Cost</i>						
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

3. Property, plant and equipment (continued)

Group (continued)	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
<i>Depreciation</i>						
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)
<hr/>						
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)
<hr/>						
At 31 December 2007:						
Accumulated depreciation	-	285,280	2,050,249	623,900	191,670	3,151,099
<hr/>						
<i>Carrying amounts</i>						
At 1 January 2006	615,000	3,423,365	774,707	285,273	55,788	5,154,133
<hr/>						
At 31 December 2006/1 January 2007	-	3,352,045	468,838	259,562	77,291	4,157,736
<hr/>						
At 31 December 2007	-	3,280,725	944,847	150,084	67,550	4,443,206
<hr/>						

3. Property, plant and equipment (continued)

Company	Motor vehicles RM
<i>Cost</i>	
At 1 January 2006	103,017
Additions	-
	<hr/>
At 31 December 2006/1 January 2007/31 December 2007	103,017
	<hr/> <hr/>
<i>Depreciation</i>	
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/> <hr/>
<i>Carrying amounts</i>	
At 1 January 2006	94,432
	<hr/> <hr/>
At 31 December 2006/1 January 2007	73,829
	<hr/> <hr/>
At 31 December 2007	53,226
	<hr/> <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.

4. Intangible assets

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

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
Cost	
At 1 January 2006	-
Transfer from property, plant and equipment	750,000
	<hr/>
At 31 December 2006/31 December 2007	750,000
	<hr/> <hr/>
Accumulated Depreciation	
At 1 January 2006	-
Transfer from property, plant and equipment	135,000
Depreciation for the year	15,000
	<hr/>
At 31 December 2006/1 January 2007	150,000
Depreciation for the year	15,000
	<hr/>
At 31 December 2007	165,000
	<hr/> <hr/>
Carrying amounts	
At 31 December 2006/1 January 2007	600,000
	<hr/> <hr/>
At 31 December 2007	585,000
	<hr/> <hr/>
Fair value	
At 31 December 2006/1 January 2007	1,800,000
	<hr/> <hr/>
At 31 December 2007	1,800,000
	<hr/> <hr/>

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
	<hr/> <hr/>	<hr/> <hr/>

5. Investment property (continued)

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).

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>	<u>-</u>
Market value:		
Quoted shares in Malaysia	<u>20,523,304</u>	<u>-</u>
Details of disposed investments are as follows:		
Proceeds from disposal	15,135,792	-
Carrying amount of investment disposed	(15,175,737)	-
	<u>(39,945)</u>	<u>-</u>

8. Receivables, deposits and prepayments

		Group		Company	
	Note	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	-	-
		<u>156,079,409</u>	<u>156,269,963</u>	<u>-</u>	<u>-</u>
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	-	-
		<u>256,873</u>	<u>247,262</u>	<u>4,082,958</u>	<u>3,832,805</u>
		<u>156,336,282</u>	<u>156,517,225</u>	<u>4,082,958</u>	<u>3,832,805</u>

8. Receivables, deposits and prepayments (continued)

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
	<u>8,576,273</u>	<u>1,163,874</u>

Note b

Construction work-in-progress

	Note	Group	
		2007 RM	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)
		<u>7,203,359</u>	<u>17,894,448</u>
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>576,510</u>

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

8. Receivables, deposits and prepayments (continued)

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.

9. Inventories

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

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
	<u>4,526,393</u>	<u>10,515,079</u>	<u>649,335</u>	<u>497,391</u>

10. Cash and cash equivalents (continued)

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

	Amount 2007 RM	Group and Company Number of shares 2007	Amount 2006 RM	Number of shares 2006
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.

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	-	-
	<u>2,821,761</u>	<u>2,152,682</u>	<u>16,627</u>	<u>37,240</u>

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.

12. Loans and borrowings (continued)

Security (continued)

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.

12. Loans and borrowings (continued)

Security (continued)

- 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.
- 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.

12. Loans and borrowings (continued)

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	-	-
		<u>2,640,324</u>	<u>2,640,324</u>	<u>-</u>	<u>-</u>

	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	-	-
		<u>2,119,409</u>	<u>2,119,409</u>	<u>-</u>	<u>-</u>

	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	-	-

12. Loans and borrowings (continued)

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum Lease			Minimum lease		
	payments	Interest	Principal	payments	Interest	Principal
	2007	2007	2007	2006	2006	2006
	RM	RM	RM	RM	RM	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
	<u>452,158</u>	<u>23,037</u>	<u>429,121</u>	<u>87,739</u>	<u>6,632</u>	<u>81,107</u>
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
	<u>51,290</u>	<u>3,456</u>	<u>47,834</u>	<u>69,950</u>	<u>6,376</u>	<u>63,574</u>

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

13. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

Group	Liabilities	
	2007	2006
	RM	RM
Property, plant and equipment	<u>274,697</u>	<u>364,439</u>

13. Deferred tax liabilities (continued)

Movement in temporary differences during the year

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

14. Deferred income

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

15. Payables and accruals

	Note	Group		Company	
		2007	2006	2007	2006
		RM	RM	RM	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

15. Payables and accruals (continued)

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

16. Profit before tax (continued)

	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	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

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	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

18. Tax expense*Recognised in the income statement*

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Total tax expense	<u>1,526,737</u>	<u>4,228,523</u>	<u>218,802</u>	<u>1,151,021</u>
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	<u>1,616,479</u>	<u>3,900,784</u>	<u>218,802</u>	<u>1,151,021</u>
Deferred tax expense				
Origination and reversal of temporary differences	(89,742)	67,560	-	-
Under provision in prior years	-	260,179	-	-
Total deferred tax	<u>(89,742)</u>	<u>327,739</u>	<u>-</u>	<u>-</u>
Total tax expense	<u>1,526,737</u>	<u>4,228,523</u>	<u>218,802</u>	<u>1,151,021</u>

18. Tax expense (continued)

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	<u>4,771,772</u>	<u>7,396,462</u>	<u>636,180</u>	<u>3,846,236</u>
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)
	<u>1,507,782</u>	<u>2,475,062</u>	<u>218,802</u>	<u>1,132,061</u>
Under/(over) provided in prior years				
Current tax expense	18,955	1,493,282	-	18,960
Deferred tax expense	-	260,179	-	-
	<u>1,526,737</u>	<u>4,228,523</u>	<u>218,802</u>	<u>1,151,021</u>

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.

19. Earnings per share (continued)

Diluted earnings per share

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

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

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

	Group	
	2007	2006
	RM	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	-	-	-
2006			
Interim 2006 ordinary less 28% tax	2.5	2,456,319	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.

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.

22. Financial instruments (continued)

Credit risk (continued)

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.

22. Financial instruments (continued)

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	years		
					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)	-
			<u>3,313,020</u>	<u>3,560,703</u>	<u>(189,785)</u>	<u>(57,898)</u>	<u>-</u>
Floating rate instruments							
Banker acceptance	12	6.08	(1,967,000)	(1,967,000)	-	-	-
Bank overdraft	12	8.75	(673,324)	(673,324)	-	-	-
			<u>(2,640,324)</u>	<u>(2,640,324)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Company No. 590945-H

22. Financial instruments (continued)

Effective interest rates and repricing analysis (continued)

Company 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	-	-	-	-	-	-
Irredeemable Convertible Unsecured Loan Stocks	12	-	-	-	-	-	-
Finance lease liabilities	12	2.75	(47,834)	(16,627)	(17,514)	(13,693)	-
			<u>(47,834)</u>	<u>(16,627)</u>	<u>(17,514)</u>	<u>(13,693)</u>	<u>-</u>

Company No. 590945-H

22. Financial instruments (continued)

Group 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	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)
			<u>4,835,851</u>	<u>4,883,685</u>	<u>(16,626)</u>	<u>(17,514)</u>	<u>(13,694)</u>
Floating rate instruments							
Banker acceptance	12	5.60	(897,000)	(897,000)	-	-	-

Company No. 590945-H

22. Financial instruments (continued)

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>

22. Financial instruments (continued)

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

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

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:

	Note	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	-	-
		<u>435,200</u>	<u>240,000</u>	<u>-</u>	<u>-</u>

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	-	-
	<u>4,787,317</u>	<u>5,030,307</u>	<u>35,075,000</u>	<u>35,075,000</u>

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.

25. Related parties (continued)

Identity of related parties (continued)

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

Group	Note	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
Company					
		Transaction value year ended 31 December		Balance outstanding as at 31 December	
		2007 RM	2006 RM	2007 RM	2006 RM
Dividend income from subsidiary		850,000	4,080,000	-	-

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.