Lebar Daun Berhad

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

and its subsidiaries

Financial statements for the year ended 31 December 2008

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

Directors' report for the year ended 31 December 2008

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

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
Loss for the year	(796,909)	(343,348)

Reserves and provisions

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

Dividends

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year 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

Directors' interests

The interest and deemed interest in the ordinary shares 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 of 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 1.1.2008	**Bought**	**Sold**	**At 31.12.2008**
Shareholdings in which Directors have direct interest				
Norazmi bin Mohamed Nurdin	1,582,000	6,500,000	-	8,082,000
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	78,251,000	-	18,500,000	59,751,000
Shareholdings in which Directors have deemed interests				
Norazmi bin Mohamed Nurdin	84,576,800	12,000,000	18,500,000	78,076,800
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	7,907,800	18,500,000	-	26,407,800

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 an interest.

None of the other Directors holding office at 31 December 2008 had any interest in the ordinary shares of the Company and of 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 24 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 and debentures

There were no 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.

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.

Company No.590945-H

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 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: 22 April 2009

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

Balance sheets at 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Assets					
Property, plant and equipment	3	4,030,798	4,443,206	32,622	53,226
Intangible assets	4	11,803,642	11,803,642	-	-
Investment properties	5	570,000	585,000	-	-
Investments in subsidiaries	6	-	-	74,500,002	74,500,002
Total non-current assets		16,404,440	16,831,848	74,532,624	74,553,228
Investment in quoted shares	7	8,634,768	13,146,511	-	-
Receivables, deposits and prepayments	8	155,380,314	156,336,282	4,411,620	4,082,958
Inventories	9	30,369	214,248	-	-
Current tax assets		430,357	27,294	27,294	27,294
Cash and cash equivalents	10	2,878,824	4,526,393	35,302	649,335
Total current assets		167,354,632	174,250,728	4,474,216	4,759,587
Total assets		183,759,072	191,082,576	79,006,840	79,312,815
Equity					
Share capital	11	68,241,838	68,241,838	68,241,838	68,241,838
Share premium		10,477,946	10,477,946	10,477,946	10,477,946
Retained earnings		38,040,890	38,837,799	90,923	434,271
Total equity		116,760,674	117,557,583	78,810,707	79,154,055

Company No.590945-H

Balance sheets at 31 December 2008

(continued)

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Liabilities					
Loans and borrowings	12	57,898	247,683	13,693	31,207
Deferred tax liabilities	13	254,479	274,697	-	-
Total non-current liabilities		312,377	522,380	13,693	31,207
Deferred income	14	5,155,776	1,814,499	-	-
Payables and accruals	15	53,893,104	68,243,711	164,926	110,926
Current tax liabilities		1,938	122,642	-	-
Loans and borrowings	12	7,635,203	2,821,761	17,514	16,627
Total current liabilities		66,686,021	73,002,613	182,440	127,553
Total liabilities		66,998,398	73,524,993	196,133	158,760
Total equity and liabilities		183,759,072	191,082,576	79,006,840	79,312,815

The notes on pages 12 to 46 are an integral part of these financial statements.

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Income statements for the year ended 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Revenue		48,873,849	72,359,210	-	850,000
Cost of sale		(40,935,344)	(63,515,610)	-	-
Gross profit		7,938,505	8,843,600	-	850,000
Other income		1,069,125	655,251	-	-
Administrative expenses		(4,775,917)	(4,121,505)	(341,315)	(213,928)
Write down of investment in quoted shares		(3,611,691)	(490,810)	-	-
Results from operating activities		620,022	4,886,536	(341,315)	636,072
Interest income		93,355	254,861	-	3,028
Finance costs		(480,069)	(369,625)	(2,033)	(2,920)
Profit/(Loss) before tax	16	233,308	4,771,772	(343,348)	636,180
Tax expense	18	(1,030,217)	(1,526,737)	-	(218,802)
(Loss)/Profit for the year attributable to shareholders of the Company		(796,909)	3,245,035	(343,348)	417,378
Basic earnings per ordinary share (sen)	19	(0.58)	2.38		

The notes on pages 12 to 46 are an integral part of these financial statements.

Lebar Daun Berhad
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Consolidated statement of changes in equity for the year ended 31 December 2008

		Non-distributable		*Distributable*	
Group	**Note**	**Share capital RM**	**Share premium RM**	**Retained earnings RM**	**Total equity RM**
At 1 January 2007		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
Loss for the year		-	-	(796,909)	(796,909)
At 31 December 2008		68,241,838	10,477,946	38,040,890	116,760,674
Company					
At 1 January 2007		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
Loss for the year		-	-	(343,348)	(343,348)
At 31 December 2008		68,241,838	10,477,946	90,923	78,810,707

The notes on pages 12 to 46 are an integral part of these financial statements.

Lebar Daun Berhad
(Company No. 590945-H)
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Cash flow statements for the year ended 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Cash flows from operating activities					
Profit/(Loss) before tax		233,308	4,771,772	(343,348)	636,180
Adjustments for:					
Depreciation of property, plant and equipment		380,385	610,892	20,604	20,603
Depreciation of investment properties	5	15,000	15,000	-	-
Dividend income		(712,250)	(488,796)	-	(850,000)
Finance costs		480,069	369,625	2,033	2,920
Gain on disposal of property, plant and equipment		-	(14,400)	-	-
(Gain)/Loss on disposal of investment in quoted shares		(156,874)	39,945	-	-
Write down of investment in quoted shares		3,611,691	490,810	-	-
Interest income		(93,355)	(254,861)	-	(3,028)
Operating profit/(loss) before changes in working capital		3,757,974	5,539,987	(320,711)	(193,325)
Inventories		183,879	(13,809)	-	-
Payables and accruals		(14,484,609)	3,818,277	54,000	(9,446)
Receivables, deposits and prepayments		4,397,502	1,467,719	51,555	(1,765)
Cash (used in)/generated from operations		(6,145,254)	10,812,174	(215,156)	(204,536)
Dividends received from subsidiary		-	-	-	850,000
Interest received		111,031	279,737	-	3,028
Interest paid		(480,069)	(369,625)	(2,033)	(2,920)
Tax paid		(1,574,202)	(3,631,929)	-	(229,500)
Net cash from operating activities		(8,088,494)	7,090,357	(217,189)	416,072

Company No.590945-H

Cash flow statements for the year ended 31 December 2008
(continued)

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(85,910)	(66,962)	-	-
Acquisition of investment in quoted shares		-	(28,813,058)	-	-
Advance to subsidiaries		-	-	(380,217)	(248,388)
Advance from related companies		134,002	100,961	-	-
Proceeds from disposal of property, plant and equipment		-	135,000	-	-
Proceeds from disposal of investment in quoted shares		1,056,926	15,135,792	-	-
Dividend received		712,250	488,796	-	-
Net cash (used in)/generated from investing activities		1,817,268	(13,019,471)	(380,217)	(248,388)
Cash flows from financing activities					
(Repayment)/Drawdown of borrowings		(57,000)	1,070,000	-	-
Repayment of hire purchase liabilities		(181,438)	(601,986)	(16,627)	(15,740)
Decrease/(Increase) in pledged deposits		1,010,832	(120,644)	-	-
Net cash generated from/(used in) financing activities		772,394	347,370	(16,627)	(15,740)
Net (decrease)/increase in cash and cash equivalents		(5,498,832)	(5,581,744)	(614,033)	151,944
Cash and cash equivalents at 1 January	(i)	110,929	5,692,673	649,335	497,391
Cash and cash equivalents at 31 December	(i)	(5,387,903)	110,929	35,302	649,335

Cash flow statements for the year ended 31 December 2008
(continued)

i) Cash and cash equivalents

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

		Group		Company	
		2008	**2007**	**2008**	**2007**
	Note	**RM**	**RM**	**RM**	**RM**
Cash and bank balances	10	147,515	784,252	35,302	649,335
Deposits placed with licensed banks	10	2,731,309	3,742,141	-	-
Bank overdraft repayable on demand - unsecured	12	(5,535,418)	(673,323)	-	-
		(2,656,594)	3,853,070	35,302	649,335
Less: Deposits pledged	10	(2,731,309)	(3,742,141)	-	-
		(5,387,903)	110,929	35,302	649,335

ii) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM85,910 (2007 - RM1,016,962), of which Nil (2007 - RM950,000), were acquired by means of hire purchase plans.

The notes on pages 12 to 46 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 address of its principal place of business and registered office of the Company is as follows:

Principal place of business and Registered office:
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 2008 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 22 April 2009.

1. Basis of preparation

(a) Statement of compliance

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

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs / Interpretations	**Effective date**
FRS 4, *Insurance Contracts*	1 January 2010
FRS 7, *Financial Instruments: Disclosures*	1 January 2010
FRS 8, *Operating Segment*	1 July 2009
FRS 139, *Financial Instruments: Recognition and Measurement*	1 January 2010
IC Interpretation 9, *Reassessment of Embedded Derivatives*	1 January 2010
IC Interpretation 10, *Interim Financial Reporting and Impairment*	1 January 2010

The Group and the Company plan to apply the abovementioned FRSs / Interpretations (except for FRS 4) from the annual period beginning 1 January 2010.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRS 4 is not applicable to the Group and to the Company. Hence, no further disclosure is warranted.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

FRS 8, *Operating Segment*

FRS 8 will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group however is not disclosing any segmental information as the Group only engages in the construction and trading of products in Malaysia.

IC Interpretation 10, *Interim Financial Reporting and Impairment*

IC Interpretation 10 prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IC Interpretation 10 will become effective for the financial statements for the year ending 31 December 2010, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 136 and FRS 139 respectively. The adoption of IC Interpretation 10 is not expected to have any material impact on the financial statements of the Group and the Company.

(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.

1. Basis of preparation (continued)

(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 4 – measurement of the recoverable amounts of intangible assets
- Note 5 – valuation of investment properties
- Note 13 – recognition of deferred tax liabilities
- Note 23 – 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.

(a) Basis of consolidation

(i) Subsidiaries

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

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

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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 any accumulated impairment losses.

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

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

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

(ii) Subsequent costs

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

2. Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

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

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

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

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

(c) Intangible assets

(i) Goodwill

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

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

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

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

2. Significant accounting policies (continued)

(c) Intangible assets (continued)

(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(b).

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

Determination of fair value

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

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

2. Significant accounting policies (continued)

(d) Investments properties (continued)

Determination of fair value (continued)

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.

(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.

2. Significant accounting policies (continued)

(g) Receivables

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

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

Receivables are not held for the purpose of trading.

(h) Constructions work-in-progress

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

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

(i) Investments

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

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.

2. Significant accounting policies (continued)

(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.

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.

2. Significant accounting policies (continued)

(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.

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.

2. Significant accounting policies (continued)

(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 contact. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

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

(q) Other income

(i) 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.

(ii) Dividend income

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

2. Significant accounting policies (continued)

(r) 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.

(s) 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.

2. Significant accounting policies (continued)

(t) 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.

(u) 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.

(v) 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 2004/2008 ("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	**Leasehold land and buildings RM**	**Motor vehicles RM**	**Plant and machinery, office, tele-communication equipment RM**	**Fixtures, fittings and renovation RM**	**Total RM**
Cost					
At 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/ 1 January 2008	3,566,005	2,995,096	773,984	259,220	7,594,305
Additions	-	3,980	80,860	1,070	85,910
At 31 December 2008	3,566,005	2,999,076	854,844	260,290	7,680,215
Depreciation					
At 1 January 2007	213,960	1,784,846	582,050	181,339	2,762,195
Depreciation for the year	71,320	473,991	55,250	10,331	610,892
Disposals	-	(208,588)	(13,400)	-	(221,988)
At 31 December 2007/ 1 January 2008	285,280	2,050,249	623,900	191,670	3,151,099
Depreciation for the year	71,320	340,314	76,247	10,437	498,318
At 31 December 2008	356,600	2,390,563	700,147	202,107	3,649,417
Carrying amounts					
At 1 January 2007	3,352,045	468,838	259,562	77,291	4,157,736
At 31 December 2007/ 1 January 2008	3,280,725	944,847	150,084	67,550	4,443,206
At 31 December 2008	3,209,405	608,513	154,697	58,183	4,030,798

3. Property, plant and equipment (continued)

Company	Motor vehicles RM
Cost	
At 1 January 2007/31 December 2008	103,017
Depreciation	
At 1 January 2007	29,188
Depreciation for the year	20,603
At 31 December 2007/1 January 2008	49,791
Depreciation for the year	20,604
At 31 December 2008	70,395
Carrying amounts	
At 1 January 2007	73,829
At 31 December 2007/1 January 2008	53,226
At 31 December 2008	32,622

Motor vehicle acquired on hire purchase

At 31 December 2008, the Group and the Company has motor vehicle acquired by means of hire purchase agreement with carrying value of RM602,622 (2007 - RM813,225) and RM32,622 (2007 - RM53,226) respectively.

Depreciation for the year

The Group's depreciation during the year amounting to RM117,933 (2007 - RM137,793) has been capitalised in the construction work-in-progress included under receivables, deposits and prepayments in note 8.

Leasehold land and building

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

4. Intangible assets

	Group	
	2008	2007
	RM	RM
Goodwill	11,803,642	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 goodwill. 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

	Freehold land and building RM
Group	
Cost	
At 1 January 2007/31 December 2008	750,000
Accumulated Depreciation	
At 1 January 2007	150,000
Depreciation for the year	15,000
At 31 December 2007/1 January 2008	165,000
Depreciation for the year	15,000
At 31 December 2008	180,000
Carrying amounts	
At 31 December 2007/1 January 2008	585,000
At 31 December 2008	570,000
Fair value	
At 31 December 2007/1 January 2008	1,800,000
At 31 December 2008	1,800,000

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:

	2008 RM	2007 RM
Direct operating expenses	9,176	34,542

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 2008, the properties are pledged to a licensed bank to secure banking facilities granted to the Group (see note 12).

6. Investments in subsidiaries

	Company	
	2008 RM	2007 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 2008 %	Effective ownership interest 2007 %
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 2008 RM	Group 2007 RM
Current		
At Cost:		
Quoted shares in Malaysia	12,737,269	13,637,321
Less: Write down of investment in quoted shares	(4,102,501)	(490,810)
	8,634,768	13,146,511
Market value:		
Quoted shares in Malaysia	9,010,600	20,523,304
Details of disposed investments are as follows:		
Proceeds from disposal	1,056,926	15,135,792
Carrying amount of investment disposed	(900,052)	(15,175,737)
Loss on disposal	156,874	(39,945)

8. Receivables, deposits and prepayments

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Current					
Trade					
Trade receivables	a	6,661,484	33,190,059	-	-
Construction work-in-progress	b	13,090,410	9,017,858	-	-
Amount due from related companies	c	135,385,993	113,871,492	-	-
		155,137,887	156,079,409	-	-
Non-trade					
Amount due from subsidiaries	d	-	-	4,411,410	4,031,193
Other receivables		139,924	148,312	210	51,765
Deposits		96,886	102,703	-	-
Prepayments		5,617	5,858	-	-
		242,427	256,873	4,411,620	4,082,958
		155,380,314	156,336,282	4,411,620	4,082,958

8. Receivables, deposits and prepayments (continued)

Note a

Included in trade receivables at 31 December 2008 are retention sums of Nil (2007 - RM8,576,273) relating to construction work-in-progress.

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

	Group	
	2008 RM	2007 RM
Within 1 year	-	8,091,446
2 - 3 years	-	484,827
	-	8,576,273

Note b

Construction work-in-progress

		Group	
	Note	2008 RM	2007 RM
Aggregate costs incurred to date		789,119,320	748,546,015
Add: Attributable profits		141,205,281	133,322,591
		930,324,601	881,868,606
Less: Progress billings		(922,389,967)	(874,665,247)
		7,934,634	7,203,359
Customer advances for construction work-in-progress	14	5,155,776	1,814,499
		13,090,410	9,017,858
Additions to aggregate costs incurred during the year include:			
Depreciation of property, plant and equipment		117,933	137,793

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 2008 are retention sums of RM36,139,503 (2007 - RM32,095,095) relating to construction work-in-progress.

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

	2008 RM	2007 RM
Within 1 year	23,973,991	15,081,915
1 - 2 years	7,075,884	8,834,481
2 - 3 years	746,478	4,852,778
3 - 4 years	2,533,180	742,956
4 - 5 years	1,809,970	2,582,965
	36,139,503	32,095,095

Note d

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

9. Inventories

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Finished goods	30,369	214,248	-	-

10. Cash and cash equivalents

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits placed with licensed banks	2,731,309	3,742,141	-	-
Cash and bank balances	147,515	784,252	35,302	649,335
	2,878,824	4,526,393	35,302	649,335

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 RM2,731,309 (2007 - RM3,742,141) pledged for banking facilities granted to a subsidiary.

11. Capital and reserves

Share capital

	Group and Company			
	Amount 2008 RM	**Number of shares 2008**	**Amount 2007 RM**	**Number of shares 2007**
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	68,241,838	136,483,676	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	68,241,838	136,483,676

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 2008 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 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 21.

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Non-current				
Finance lease liabilities	57,898	247,683	13,693	31,20
Current				
Banker acceptance	1,910,000	1,967,000	-	-
Finance lease liabilities	189,785	181,438	17,514	16,627
Bank overdraft	5,535,418	673,323	-	-
	7,635,203	2,821,761	17,514	16,627

Security

The first bank overdraft amounting to RM1,991,946 (2007 - RM6,130) bears interest at 1.75% to 2% (2007 - 1.75% to 2%) per annum above the bank's Base Lending Rate and is secured by the followings:

a) third party first legal charge of RM2,500,000 over properties owned by a director;

b) corporate guarantee for RM2,500,000 by the Company; and

c) registered charge over fixed deposit of RM954,000.

The second bank overdraft amounting to RM1,572,308 (2007 - RM667,193) bears interest at 2% (2007 – 2%) per annum above the bank's Base Lending Rate and is secured by the followings:

a) third party first legal charge of RM2,000,000 over properties owned by a director; and

b) personal guarantee for RM2,000,000 by a director.

12. Loans and borrowings (continued)

Security (continued)

The third bank overdraft amounting to RM1,971,164 (2007 - Nil) bears interest at 2% (2007 - 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 RM570,000 (2007 - RM585,000) (see note 5); and

b) corporate guarantee for RM 2,000,000 by the Company.

The bankers acceptance amounting to RM1,910,000 (2007 - RM1,967,000) bears interest at 2% (2007 - 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 RM570,000 (2007 - RM585,000) (see note 5); and

b) corporate guarantee for RM 2,000,000 by the Company.

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					
2008					
Banker acceptance	2009	1,910,000	1,910,000	-	-
Bank overdraft	2009	5,535,418	5,535,418	-	-
		7,445,418	7,445,418	-	-
2007					
Banker acceptance	2008	1,967,000	1,967,000	-	-
Bank overdraft	2008	673,324	673,324	-	-
		2,640,324	2,640,324	-	-

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12. Loans and borrowings (continued)

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	**Minimum Lease payments 2008 RM**	**Interest 2008 RM**	**Principal 2008 RM**	**Minimum lease payments 2007 RM**	**Interest 2007 RM**	**Principal 2007 RM**
Less than one year	196,836	7,051	189,785	198,259	16,821	181,438
Between one and five years	58,486	588	57,898	253,899	6,216	247,683
	255,322	7,639	247,683	452,158	23,037	429,121
Company						
Less than one year	18,660	1,146	17,514	18,660	2,033	16,627
Between one and five years	13,970	277	13,693	32,630	1,423	31,207
	32,630	1,423	31,207	51,290	3,456	47,834

Interest rate on finance leases for the financial year range from 2.30% to 2.75% (2007 - 2.30% to2.75%).

13. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

Group	**Liabilities 2008 RM**	**Liabilities 2007 RM**
Property, plant and equipment	254,479	274,697

13. Deferred tax liabilities (continued)

Movement in temporary differences during the year

Group	At 1.1.2007 RM	Recognised in income statement (note 18) RM	At 31.12.2007 RM	Recognised in income statement (note 18) RM	At 31.12.2008 RM
Property, plant and equipment	(364,439)	89,742	(274,697)	20,218	(254,479)

14. Deferred income

	Note	Group 2008 RM	Group 2007 RM
Current			
Customer advances for construction work-in-progress	8	5,155,776	1,814,499

15. Payables and accruals

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Trade					
Trade payables	a	53,156,874	67,779,872	-	-
Non-trade					
Advances from related companies	b	287,815	153,813	-	-
Other payables		210,491	126,102	2	2
Accrued expenses		237,924	183,924	164,924	110,924
		736,230	463,839	164,926	110,926
		53,893,104	68,243,711	164,926	110,926

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 RM2,741,596 (2007 - RM2,748,760) owing to a company in which certain directors have interest.

b) Amount totaling RM11,047,548 (2007 - RM12,271,411) are retention sums.

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15. Payables and accruals (continued)

Note b

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

16. Profit before tax

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 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	88,000	15,000	15,000
- Other services					
Auditors of the Company		7,000	7,000	7,000	7,000
Depreciation on property, plant and equipment		380,385	610,892	20,604	20,603
Interest expense on:					
- Bank overdraft		343,271	254,971	-	-
- Borrowings		121,400	96,560	-	-
- ICULS		-	210	-	210
- Finance lease		15,398	18,095	2,033	2,920
Loss on disposal of investment in quoted shares		-	39,945	-	-
Write down of investment in quoted shares		3,611,691	490,810	-	-
Other debtors written off		50,000	-	50,000	-
Personal expenses (including key management personnel):					
- Contribution to Employees Provident Fund		288,691	233,548	-	-
- Wages, salaries and others		2,634,187	2,474,053	150,000	96,000
and after crediting:					
Dividend income		712,250	488,796	-	-
Dividend from subsidiary		-	-	-	850,000
Gain on disposal of property, plant and equipment		-	14,400	-	-
Gain on disposal of investment in quoted shares		156,874	-	-	-
Rental income from building		158,600	153,600	-	-
Rental income from equipments		41,400	38,400	-	-

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17. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Director				
- Remuneration	499,200	240,000	150,000	96,000
- Other short term employee benefits	41,904	17,280	-	-

18. Tax expense

Recognised in the income statement

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Total tax expense	1,030,217	1,526,737	-	218,802
Major components of tax expense include:				
Current tax expense				
Malaysian - current year	1,050,435	1,597,524	-	218,802
- prior year	-	18,955	-	-
Total current tax	1,050,435	1,616,479	-	218,802
Deferred tax expense				
Origination and reversal of temporary differences	(20,218)	(89,742)	-	-
Total deferred tax	(20,218)	(89,742)	-	-
Total tax expense	1,030,217	1,526,737	-	218,802

Recognised in the income statement

(Loss)/Profit for the year	(796,909)	3,245,035	(343,348)	417,378
Total tax expense	1,030,217	1,526,737	-	218,802
Profit/(Loss) excluding tax	233,308	4,771,772	(343,348)	636,180

18. Tax expense (continued)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax at Malaysian tax rate of 26% (2007 - 27%)	60,660	1,288,378	(89,270)	171,769
Non-deductible expenses	1,091,955	290,036	89,270	47,033
Non-taxable income	(102,180)	(70,632)	-	-
	1,050,435	1,507,782	-	218,802
Under/(over) provided in prior years				
Current tax expense	-	18,955	-	-
Deferred tax expense	(20,218)	-	-	-
	1,030,217	1,526,737	-	218,802

The corporate tax rates is 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

19. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2008 was based on the (loss)/profit attributable to ordinary shareholders of RM(796,909) (2007 - RM3,245,035) and 136,483,676 (2007 - 136,483,676) ordinary shares outstanding during the year.

20. Segment reporting

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

21. 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:

21. Financial instruments (continued)

Credit risk

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

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

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

At the balance sheet date, there is significant concentration of credit risk with related companies amounting to RM135,385,993 (2007 - RM113,871,492) 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.

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.

21. 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 2008	**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	3.44	2,731,309	2,731,309	-	-	-
Finance lease liabilities	12	2.53	(247,683)	(189,785)	(57,898)	-	-
			2,483,626	2,541,524	(57,898)	-	-
Floating rate instruments							
Banker acceptance	12	5.95	(1,910,000)	(1,910,000)	-	-	-
Bank overdraft	12	8.75	(5,535,418)	(5,535,418)	-	-	-
			(7,445,418)	(7,445,418)	-	-	-
Company 2008							
Fixed rate instruments							
Finance lease liabilities	12	2.75	(31,207)	(17,514)	(13,693)	-	-

21. Financial instruments (continued)

Group 2007	Note	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 -4 years RM
Fixed rate instruments							
Deposits	10	3.46	3,742,141	3,742,141	-	-	-
Finance lease liabilities	12	2.35	(429,121)	(181,438)	(189,785)	(57,898)	-
			3,313,020	3,560,703	(189,785)	(57,898)	-
Floating rate instruments							
Banker acceptance	12	6.08	(1,967,000)	(1,967,000)	-	-	-
Bank overdraft	12	8.75	(673,324)	(673,324)	-	-	-
			(2,640,324)	(2,640,324)	-	-	-
Company 2007							
Fixed rate instruments							
Finance lease liabilities	12	2.75	(47,834)	(16,627)	(17,514)	(13,693)	-

21. 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:

		2008		2007	
Group	**Note**	**Carrying amount RM**	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Finance lease liabilities	12	247,683	247,683	429,121	429,121

		2008		2007	
Company	**Note**	**Carrying amount RM**	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Finance lease liabilities	12	31,207	31,207	47,834	47,834

22. Operating leases

Leases as lessor

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

		Group	
	Note	**2008 RM**	**2007 RM**
Less than one year		201,600	200,000
Between one and five years		33,600	235,200
		235,200	435,200

23. 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	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Contingent liabilities				
Corporate guarantee given to supplier for facilities granted to a subsidiary company	-	-	12,700,000	8,200,000
Corporate guarantee given to financial institutions for facilities granted to a subsidiary company	-	-	7,900,000	26,875,000
Performance guarantees issued in the form of bank guarantee given to customer by a subsidiary company for contracts	2,911,262	4,587,317	-	-
Payment guarantees issued in the form of bank guarantee given to suppliers by a subsidiary company	200,000	200,000	-	-
	3,111,262	4,787,317	20,600,000	35,075,000

24. 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.

24. 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:

		Transaction value year ended 31 December		Balance outstanding as at 31 December	
		2008	2007	2008	2007
Group	**Note**	**RM**	**RM**	**RM**	**RM**
Revenue receivable					
Basco Sdn Bhd		15,809,807	8,900,900	34,251,280	25,623,022
Lebar Daun Development Sdn Bhd		29,186,600	40,554,359	101,119,866	88,232,623
Rental income received					
Lebar Daun Development Sdn Bhd		200,000	192,000	-	-
Construction payable					
Basco Sdn Bhd		-	772,991	2,741,596	2,748,760
Advance receivable					
Lebar Daun Development Sdn. Bhd.		36,004	100,960	189,816	153,812
Company					
Dividend income from subsidiary		-	850,000	-	-

Basco Sdn Bhd and Lebar Daun Development Sdn Bhd are companies controlled by certain Directors.

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.

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 5 to 46 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of the results of their financial performance and cash flows for the year then ended.

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: 22 April 2009

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

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

I, **Shahril Najmiddin Muda**, 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 5 to 46 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Shah Alam on 22 April 2009.

....
Shahril Najmiddin Muda

Before me:

PESURUHJAYA SUMPAH
No B099
Name Normah Osman
MALAYSIA

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

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Internet www.kpmg.com.my

Independent auditors' report to the members of Lebar Daun Berhad

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

Report on the Financial Statements

We have audited the financial statements of Lebar Daun Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 46.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Company No. 590945-H

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff
Approval Number: 2583/08/10(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 22 April 2009