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

Financial statements for the year ended 31 December 2009

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

Directors' report for the year ended 31 December 2009

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 2009.

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/(Loss) for the year	1,454,234	(441,041)

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
Tan Sri Datuk Adzmi bin Abdul Wahab
Datuk Mohd Hashim bin Hassan
Dato' Nik Ismail bin Dato' Nik Yusoff
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin
Hazli bin Ibrahim (appointed on 13.4.2010)
Prof Dr Hamzah bin Ismail (resigned on 13.4.2010)

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 1.1.2009	Bought	Sold	At 31.12.2009
Shareholdings in which Directors have direct interest				
Norazmi bin Mohamed Nurdin	8,082,000	-	-	8,082,000
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	59,751,000	-	-	59,751,000
Shareholdings in which Directors have deemed interests				
Norazmi bin Mohamed Nurdin	78,076,800	-	-	78,076,800
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	26,407,800	-	-	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 2009 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.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature except for the write back of investment in quoted shares of RM2,257,439 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 2010.

Lebar Daun Berhad
(Company No. 590945-H)
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Balance sheets at 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Assets					
Property, plant and equipment	3	3,700,429	4,030,798	12,019	32,622
Intangible assets	4	11,803,642	11,803,642	-	-
Investment properties	5	555,000	570,000	-	-
Investments in subsidiaries	6	-	-	74,562,969	74,500,002
Total non-current assets		16,059,071	16,404,440	74,574,988	74,532,624
Investment in quoted shares	7	10,892,207	8,634,768	-	-
Receivables, deposits and prepayments	8	162,059,976	155,380,314	3,939,690	4,411,620
Inventories	9	29,043	30,369	-	-
Current tax assets		560,964	430,357	27,294	27,294
Cash and cash equivalents	10	2,488,454	2,878,824	6,314	35,302
Total current assets		176,030,644	167,354,632	3,973,298	4,474,216
Total assets		192,089,715	183,759,072	78,548,286	79,006,840
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/ (Accumulated losses)		39,495,124	38,040,890	(350,118)	90,923
Total equity		118,214,908	116,760,674	78,369,666	78,810,707

Company No. 590945-H

Balance sheets at 31 December 2009
(Continued)

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Liabilities					
Loans and borrowings	12	-	57,898	-	13,693
Deferred tax liabilities	13	391,829	254,479	-	-
Total non-current liabilities		391,829	312,377	-	13,693
Deferred income	14	2,634,942	5,155,776	-	-
Payables and accruals	15	64,116,695	53,893,104	164,927	164,926
Current tax liabilities		1,938	1,938	-	-
Loans and borrowings	12	6,729,403	7,635,203	13,693	17,514
Total current liabilities		73,482,978	66,686,021	178,620	182,440
Total liabilities		73,874,807	66,998,398	178,620	196,133
Total equity and liabilities		192,089,715	183,759,072	78,548,286	79,006,840

The notes on pages 12 to 48 are an integral part of these financial statements.

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Income statements for the year ended 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Revenue		76,799,728	48,873,849	-	-
Cost of sale		(69,036,813)	(40,935,344)	-	-
Gross profit		7,762,915	7,938,505	-	-
Other income		735,409	1,069,125	-	-
Administrative expenses		(7,855,172)	(4,775,917)	(439,895)	(341,315)
Write back/(down) of investments		2,257,439	(3,611,691)	-	-
Results from operating activities		2,900,591	620,022	(439,895)	(341,315)
Interest income		57,843	93,355	-	-
Finance costs		(463,030)	(480,069)	(1,146)	(2,033)
Profit/(Loss) before tax	16	2,495,404	233,308	(441,041)	(343,348)
Tax expense	18	(1,041,170)	(1,030,217)	-	-
Profit/(Loss) for the year attributable to shareholders of the Company		1,454,234	(796,909)	(441,041)	(343,348)
Basic earnings per ordinary share (sen)	19	1.06	(0.58)		

The notes on pages 12 to 48 are an integral part of these financial statements.

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Consolidated statement of changes in equity for the year ended 31 December 2009

		Non-distributable		*Distributable*	
	Note	**Share capital RM**	**Share premium RM**	**Retained earnings RM**	**Total equity RM**
Group					
At 1 January 2008		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
Profit for the year		-	-	1,454,234	1,454,234
At 31 December 2009		68,241,838	10,477,946	39,495,124	118,214,908
Company					
At 1 January 2008		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
Loss for the year		-	-	(441,041)	(441,041)
At 31 December 2009		68,241,838	10,477,946	(350,118)	78,369,666

The notes on pages 12 to 48 are an integral part of these financial statements.

Lebar Daun Berhad
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Cash flow statements for the year ended 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash flows from operating activities					
Profit/(Loss) before tax		2,495,404	233,308	(441,041)	(343,348)
Adjustments for:					
Depreciation of property, plant and equipment		355,668	380,385	20,603	20,604
Depreciation of investment properties	5	15,000	15,000	-	-
Dividend income		(533,809)	(712,250)	-	-
Finance costs		463,030	480,069	1,146	2,033
(Gain)/Loss on disposal of investment in quoted shares		-	(156,874)	-	-
Write (back)/down of investment in quoted shares		(2,257,439)	3,611,691	-	-
Interest income		(57,843)	(93,355)	-	-
Impairment in investment in subsidiary		-	-	137,033	-
Operating profit/(loss) before changes in working capital		480,011	3,757,974	(282,259)	(320,711)
Inventories		1,326	183,879	-	-
Payables and accruals		10,223,591	(14,484,609)	1	54,000
Receivables, deposits and prepayments		(9,181,787)	4,397,502	-	51,555
Cash generated from/(used in) operations		1,523,141	(6,145,254)	(282,258)	(215,156)
Interest received		57,843	111,031	-	-
Interest paid		(463,030)	(480,069)	(1,146)	(2,033)
Tax paid		(1,034,426)	(1,574,202)	-	-
Net cash from operating activities		83,528	(8,088,494)	(283,404)	(217,189)

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Cash flow statements for the year ended 31 December 2009

(continued)

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(44,009)	(85,910)	-	-
Repayment/(Advance) to subsidiaries		-	-	471,930	(380,217)
Advance from related companies		-	134,002		-
Proceeds from disposal of quoted share investment		-	1,056,926		-
Dividend received		533,809	712,250		-
Investment in a subsidiary		-	-	(200,000)	-
Net cash generated from/(used in) investing activities		489,800	1,817,268	271,930	(380,217)
Cash flows from financing activities					
(Repayment)/Drawdown of borrowings		340,000	(57,000)	(13,693)	-
Repayment of hire purchase liabilities		(189,785)	(181,438)	(3,821)	(16,627)
Decrease in pledged deposits		516,840	1,010,832	-	-
Net cash generated from/(used in) financing activities		667,055	772,394	(17,514)	(16,627)
Net increase/(decrease) in cash and cash equivalents		1,240,383	(5,498,832)	(28,988)	(614,033)
Cash and cash equivalents at 1 January	(i)	(5,387,903)	110,929	35,302	649,335
Cash and cash equivalents at 31 December	(i)	(4,147,520)	(5,387,903)	6,314	35,302

Company No. 590945-H

Cash flow statements for the year ended 31 December 2009
(continued)

i) Cash and cash equivalents

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

		Group		Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Cash and bank balances	10	273,985	147,515	6,314	35,302
Deposits placed with licensed banks	10	2,214,469	2,731,309	-	-
Bank overdraft repayable on demand - unsecured	12	(4,421,505)	(5,535,418)	-	-
		(1,933,051)	(2,656,594)	6,314	35,302
Less: Deposits pledged	10	(2,214,469)	(2,731,309)	-	-
		(4,147,520)	(5,387,903)	6,314	35,302

ii) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM44,009 (2008 - RM85,910), of which RM Nil (2008 - Nil), were acquired by means of hire purchase plans.

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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 Main Market 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:
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 2009 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 2010.

1. Basis of preparation

(a) Statement of compliance

These financial statements 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 Company has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009
- FRS 8, *Operating Segments*

Company No. 590945-H

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments *to* FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
  - *Puttable Financial Instruments and Obligations Arising on Liquidation*
- *Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
  - *Reclassification of Financial Assets*
- *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*
-

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

- ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010***
- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The Group and Company plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4 and IC Interpretation 11, 13 and 14 which are not applicable to the Group and Company; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011 except for IC Interpretation 12, 15, 16 and 17 which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 4, FRS 7, FRS 139 and IC Interpretation 12 are not disclosed by virtue of the exemptions given in these respective FRSs.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

Material impact of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, is disclosed below:

(i) FRS 8, *Operating Segments*

FRS 8 replaces FRS 114_{2004}, *Segment Reporting* and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated in the notes.

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

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 accumulated impairment losses, if any.

(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.

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.

2. Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

(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.

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

• leasehold 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, if any.

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.

2. Significant accounting policies (continued)

(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.

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.

2. Significant accounting policies (continued)

(e) Leased assets

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.

(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.

2. Significant accounting policies (continued)

(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 in quoted shares

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.

(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").

2. Significant accounting policies (continued)

(k) Impairment of assets (continued)

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

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

(l) Loans and borrowings

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

(m) Employee benefits

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

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

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

2. Significant accounting policies (continued)

(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.

(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.

2. Significant accounting policies (continued)

(p) Revenue (continued)

(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.

(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.

2. Significant accounting policies (continued)

(r) Interest income and borrowing costs (continued)

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

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.

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3. Property, plant and equipment

Group *Cost*	Leasehold land and buildings RM	Motor vehicles RM	Plant and machinery, office, tele-communication equipment RM	Fixtures, fittings and renovation RM	Total RM
At 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/ 1 January 2009	3,566,005	2,999,076	854,844	260,290	7,680,215
Additions	-	-	44,009	-	44,009
At 31 December 2009	3,566,005	2,999,076	898,853	260,290	7,724,224
Depreciation					
At 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/ 1 January 2009	356,600	2,390,563	700,147	202,107	3,649,417
Depreciation for the year	71,320	210,489	82,132	10,437	374,378
At 31 December 2009	427,920	2,601,052	782,279	212,544	4,023,795
Carrying amounts					
At 1 January 2008	3,280,725	944,847	150,084	67,550	4,443,206
At 31 December 2008/ 1 January 2009	3,209,405	608,513	154,697	58,183	4,030,798
At 31 December 2009	3,138,085	398,024	116,574	47,746	3,700,429

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3. Property, plant and equipment (continued)

Company	Motor vehicles RM
Cost	
At 1 January 2008/31 December 2009	103,017
Depreciation	
At 1 January 2008	49,791
Depreciation for the year	20,604
At 31 December 2008/1 January 2009	70,395
Depreciation for the year	20,603
At 31 December 2009	90,998
Carrying amounts	
At 1 January 2008	53,226
At 31 December 2008/1 January 2009	32,622
At 31 December 2009	12,019

Motor vehicle acquired on hire purchase

At 31 December 2009, the Group and the Company has motor vehicle acquired by means of hire purchase agreement with carrying value of RM392,019 (2008 - RM602,622) and RM12,019 (2008 - RM32,622) respectively.

Depreciation for the year

The Group's depreciation during the year amounting to RM18,710 (2008 - RM117,933) 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 2009 RM	Group 2008 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 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 discount rate used was the weighted average cost of capital rate for the Group at 10.96%.

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).

The above estimates are particularly sensitive in the following areas:

- An increase of 1 percentage point in the discount rate used would have no impact in impairment of goodwill.
- A 10 percent decrease in future planned revenues would have no impact on the impairment of goodwill.

5. Investment properties

	Freehold land and building RM
Group	
Cost	
At 1 January 2008/31 December 2009	750,000
Accumulated Depreciation	
At 1 January 2008	165,000
Depreciation for the year	15,000
At 31 December 2008/1 January 2009	180,000
Depreciation for the year	15,000
At 31 December 2009	195,000

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5. Investment property (continued)

	Freehold land and building RM
Carrying amounts	
At 31 December 2008/1 January 2009	570,000
At 31 December 2009	555,000
Fair value	
At 31 December 2008/1 January 2009	1,800,000
At 31 December 2009	1,860,000

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 desktop valuation made on 13 January 2010 by external valuer.

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

	2009 RM	2008 RM
Direct operating expenses	4,736	9,176

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 2009, the properties are pledged to a licensed bank to secure banking facilities granted to the Group (see note 12).

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6. Investments in subsidiaries

	Company 2009 RM	2008 RM
At cost:		
Unquoted shares	74,700,002	74,500,002
Less: Accumulated impairment	(137,033)	-
	74,562,969	74,500,002

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2009 %	2008 %
Lebar Daun Construction Sdn. Bhd.	Malaysia	Civil and building construction	100	100
Lebtech Energy Sdn. Bhd.	Malaysia	Trading and services	100	100
Paksi Aman Sdn. Bhd.	Malaysia	Dormant	100	-

7. Investment in quoted shares

	Group 2009 RM	2008 RM
Current		
At Cost:		
Quoted shares in Malaysia	12,737,269	12,737,269
Less: Write down of investments	(1,845,062)	(4,102,501)
	10,892,207	8,634,768
Market value:		
Quoted shares in Malaysia	11,310,635	9,010,600
Details of disposed investments are as follows:		
Proceeds from disposal	-	1,056,926
Carrying amount of investment disposed	-	(900,052)
Loss on disposal	-	156,874

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8. Receivables, deposits and prepayments

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Current					
Trade					
Trade receivables	a	6,504,644	6,661,484	-	-
Construction work-in-progress	b	17,674,612	13,090,410	-	-
Amount due from related companies	c	137,503,671	135,385,993	-	-
		161,682,927	155,137,887	-	-
Non-trade					
Amount due from subsidiaries	d	-	-	3,939,480	4,411,410
Other receivables		181,495	139,924	210	210
Deposits		187,887	96,886	-	-
Prepayments		7,667	5,617	-	-
		377,049	242,427	3,939,690	4,411,620
		162,059,976	155,380,314	3,939,690	4,411,620

Note a

Included in trade receivables at 31 December 2009 are retention sums of RM762,174 (2008 - Nil) relating to construction work-in-progress.

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

	Group 2009 RM	Group 2008 RM
Within 1 year	221,434	-
2 - 3 years	20,821	-
3 - 5 years	519,919	-
	762,174	-

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8. Receivables, deposits and prepayments (continued)

Note b

Construction work-in-progress

	Note	Group 2009 RM	Group 2008 RM
Aggregate costs incurred to date		857,877,113	789,119,320
Add: Attributable profits		148,917,794	141,205,281
		1,006,794,907	930,324,601
Less: Progress billings		(991,755,237)	(922,389,967)
		15,039,670	7,934,634
Customer advances for construction work-in-progress	14	2,634,942	5,155,776
		17,674,612	13,090,410
Additions to aggregate costs incurred during the year include:			
Depreciation of property, plant and equipment		18,710	117,933

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 2009 are retention sums of RM41,494,562 (2008 - RM36,139,503) relating to construction work-in-progress.

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

	2009 RM	2008 RM
Within 1 year	17,149,766	23,973,991
1 - 2 years	6,599,803	7,075,884
2 - 3 years	7,032,637	746,478
3 - 4 years	5,153,104	2,533,180
4 - 5 years	5,559,252	1,809,970
	41,494,562	36,139,503

8. Receivables, deposits and prepayments (continued)

Note d

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

9. Inventories

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Finished goods	29,043	30,369	-	-

10. Cash and cash equivalents

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Deposits placed with licensed banks	2,214,469	2,731,309	-	-
Cash and bank balances	273,985	147,515	6,314	35,302
	2,488,454	2,878,824	6,314	35,302

Deposits placed with licensed banks pledged for a bank facility

Included in the Groups deposits placed with licensed banks is RM1,130,388 (2008 - RM2,731,309) pledged for banking facilities granted to a subsidiary.

11. Capital and reserves

Share capital

	Group and Company Amount 2009 RM	Number of shares 2009	Amount 2008 RM	Number of shares 2008
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	68,241,838	136,483,676
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 2009 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 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.

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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	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-current				
Finance lease liabilities	-	57,898	-	13,693
Current				
Banker acceptance	2,250,000	1,910,000	-	-
Finance lease liabilities	57,898	189,785	13,693	17,514
Bank overdraft	4,421,505	5,535,418	-	-
	6,729,403	7,635,203	13,693	17,514

Security

The first bank overdraft amounting to RM2,403,988 (2008 - RM1,991,946) bears interest at 1.75% to 2.00% (2008 - 1.75% to 2.00%) 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 RM1,130,388.

The second bank overdraft amounting to RM1,482,848 (2008 - RM1,572,308) bears interest at 2.00% (2008 - 2.00%) 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 RM534,669 (2008 - RM1,971,164) bears interest at 2.00% (2008 – 2.00%) 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 RM555,000 (2008 - RM570,000) (see note 5); and

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

The first bankers acceptance amounting to RM1,950,000 (2008 - RM1,910,000) bears interest at 2.00% (2008 – 2.00%) 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 RM555,000 (2008 - RM570,000) (see note 5); and

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

The second bankers acceptance amounting to RM300,000 (2008 - RM Nil) bears interest at 1.50% (2008 - Nil) 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) 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 RM1,130,388.

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					
2009					
Banker acceptance	2010	2,250,000	2,250,000	-	-
Bank overdraft	2010	4,421,505	4,421,505	-	-
		6,671,505	6,671,505	-	-
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	-	-

12. Loans and borrowings (continued)

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum Lease payments 2009 RM	Interest 2009 RM	Principal 2009 RM	Minimum lease payments 2008 RM	Interest 2008 RM	Principal 2008 RM
Less than one year	58,486	588	57,898	196,836	7,051	189,785
Between one and five years	-	-	-	58,486	588	57,898
	58,486	588	57,898	255,322	7,639	247,683
Company						
Less than one year	13,970	277	13,693	18,660	1,146	17,514
Between one and five years	-	-	-	13,970	277	13,693
	13,970	277	13,693	32,630	1,423	31,207

Interest rate on finance leases for the financial year range from 2.30% to 2.75% (2008 - 2.30% to 2.75%).

13. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

Group	Liabilities 2009 RM	Liabilities 2008 RM
Property, plant and equipment	391,829	254,479

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13. Deferred tax liabilities (continued)

Movement in temporary differences during the year

Group	At 1.1.2008 RM	Recognised in income statement (note 18) RM	At 31.12.2008 RM	Recognised in income statement (note 18) RM	At 31.12.2009 RM
Property, plant and equipment	(274,697)	20,218	(254,479)	(137,350)	(391,829)

14. Deferred income

	Note	Group 2009 RM	Group 2008 RM
Current			
Customer advances for construction work-in-progress	8	2,634,942	5,155,776

15. Payables and accruals

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Trade					
Trade payables	a	63,567,554	53,156,874	-	-
Non-trade					
Advances from related companies	b	-	287,815	-	-
Other payables		215,095	210,491	2	2
Accrued expenses		241,418	237,924	164,925	164,924
Amount due to related companies		92,628	-	-	-
		549,141	736,230	164,927	164,926
		64,116,695	53,893,104	164,927	164,926

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 RM2,748,760 (2008 - RM 2,742,004) owing to a company in which certain directors have interest.

b) Amount totaling RM14,248,033 (2008 - RM11,047,548) are retention sums.

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

		Group		Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Profit before tax is arrived at after charging:					
Depreciation of investment properties	5	15,000	15,000	-	-
Auditors' remuneration:					
- Audit services		91,000	88,000	15,000	15,000
- Other services		7,000	7,000	7,000	7,000
Depreciation on property, plant and equipment		355,668	380,385	20,603	20,604
Interest expense on:					
- Bank overdraft		354,041	343,271	-	-
- Borrowings		101,938	121,400	-	-
- Finance lease		7,051	15,398	1,146	2,033
Write down of investment in quoted shares		-	3,611,691	-	-
Other debtors written off		-	50,000	-	50,000
Personal expenses (including key management personnel):					
- Contribution to Employees Provident Fund		276,454	288,691	-	-
- Wages, salaries and others		2,498,189	2,634,187	150,000	150,000
and after crediting:					
Dividend income		533,809	712,250	-	-
Write back of investment in quoted shares		2,257,439	-	-	-
Gain on disposal of investment in quoted shares		-	156,874	-	-
Rental income from building		159,600	158,600	-	-
Rental income from equipments		42,000	41,400	-	-

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17. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Director				
- Remuneration	354,000	499,200	150,000	150,000
Other short term employee benefits	24,480	41,904	-	-

18. Tax expense

Recognised in the income statement

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Total tax expense	1,041,170	1,030,217	-	-
Major components of tax expense include:				
Current tax expense				
Malaysian - current year	903,820	1,050,435	-	-
- prior year	-	-	-	-
Total current tax	903,820	1,050,435	-	-
Deferred tax expense				
Origination and reversal of temporary differences	137,350	(20,218)	-	-
Total deferred tax	137,350	(20,218)	-	-
Total tax expense	1,041,170	1,030,217	-	-

Recognised in the income statement

(Loss)/Profit for the year	1,454,234	(796,909)	(441,041)	(343,348)
Total tax expense	1,041,170	1,030,217	-	-
Profit/(Loss) excluding tax	2,495,404	233,308	(441,041)	(343,348)

18. Tax expense (continued)

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Tax at Malaysian tax rate of 25% (2008 - 26%)	623,851	60,660	(87,530)	(89,270)
Non-deductible expenses	978,669	1,091,955	87,530	89,270
Non-taxable income	(564,359)	(102,180)	-	-
Deferred tax under recognised in previous year	(134,341)	-	-	-
	903,820	1,050,435	-	-
Deferred tax expense	137,350	(20,218)	-	-
	1,041,170	1,030,217	-	-

The corporate tax rates is 26% for year of assessment 2009 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 2009 was based on the (loss)/profit attributable to ordinary shareholders of RM1,454,234 (2008 - RM(796,909)) and 136,483,676 (2008 - 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 RM137,503,671 (2008 - RM135,385,993) 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 liquidity 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) 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 2009	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	2.13	2,214,469	2,214,469	-	-	-
Finance lease liabilities	12	2.53	(57,898)	(57,898)	-	-	-
			2,156,571	2,156,571	-	-	-
Floating rate instruments							
Banker acceptance	12	5.13	2,250,000	2,250,000	-	-	-
Bank overdraft	12	8.30	4,421,505	4,421,505	-	-	-
			6,671,505	6,671,505	-	-	-
Company							
2009							
Fixed rate instruments							
Finance lease liabilities	12	2.75	13,693	13,693	-	-	-

21. Financial instruments (continued)

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	4.90	(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	5.32	(31,207)	(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:

Group	Note	2009 Carrying amount RM	2009 Fair value RM	2008 Carrying amount RM	2008 Fair value RM
Finance lease liabilities	12	(57,898)	(57,898)	247,683	247,683

Company	Note	2009 Carrying amount RM	2009 Fair value RM	2008 Carrying amount RM	2008 Fair value RM
Finance lease liabilities	12	13,693	13,693	31,207	31,207

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 2009 RM	Group 2008 RM
Less than one year	33,600	201,600
Between one and five years	-	33,600
	33,600	235,200

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	
	2009	2008	2009	2008
	RM	RM	RM	RM
Contingent liabilities				
Corporate guarantee given to supplier for facilities granted to a subsidiary company	-	-	9,000,000	12,700,000
Corporate guarantee given to financial institutions for facilities granted to a subsidiary company	-	-	7,900,000	7,900,000
Performance guarantees issued in the form of bank guarantee given to customer by a subsidiary company for contracts	2,911,262	2,911,262	-	-
Payment guarantees issued in the form of bank guarantee given to suppliers by a subsidiary company	200,000	200,000	-	-
Performance guarantee given to government agency which is secured by fixed deposits	20,300	-	-	-
	3,131,562	3,111,262	16,900,000	20,600,000

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.

24. Related parties (continued)

Identity of related parties (continued)

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

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

	Transaction value year ended 31 December		**Balance outstanding as at 31 December**	
Group	**2009 RM**	**2008 RM**	**2009 RM**	**2008 RM**
Revenue receivable				
Basco Sdn. Bhd.	53,187,306	15,809,807	56,962,369	34,251,280
Lebar Daun Development Sdn. Bhd.	11,702,228	29,186,600	80,718,338	101,119,866
Rental income received				
Lebar Daun Development Sdn. Bhd.	201,000	200,000	-	-
Construction payable				
Basco Sdn. Bhd.	7,164	-	2,748,760	2,741,596
Advance receivable				
Lebar Daun Development Sdn. Bhd.	-	36,004	-	189,816

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.

25. Subsequent event

On 9 March 2010, the results of the arbitration procedure between third party trade payables, Baktian Sdn. Bhd. and O-Stable Panels Sdn. Bhd. ("Claimants") and the Group ("Respondents") was made known. The judgement was unfavourable to the Group.

As a result, the Group had to incur further liabilities as settlement to the Claimants amounting to RM3.121 million which consist of the principal amount, interest and legal costs.

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 48 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 as of 31 December 2009 and 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 2010.

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 48 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 2010.

....
Shahril Najmiddin Muda

Before me:

Independent auditors' report to the members of Lebar Daun Berhad

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

and its subsidiaries

Report on the Financial Statements

We have audited the financial statements of Lebar Daun Berhad, which comprise the balance sheets as at 31 December 2009 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 48.

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.

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 2009 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
Firm Number: AF 0758
Chartered Accountants

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

Petaling Jaya, Selangor

Date: 22 April 2010.