



LEBAR DAUN BERHAD

(590945-H)

Annual Report 2008





Corporate Profile

Lebar Daun Berhad (“LDAUN”) was incorporated in Malaysia under the Companies Act, 1965 on 28 August 2002 as a private limited company under the name Angkasa Ganda Sdn Bhd. On 23 September 2002 the Company was converted to a public limited company under the name Angkasa Ganda Berhad. Subsequently, on 10 February 2003, it changed its name to Lebar Daun Berhad and has assumed its present name since. LDAUN has been listed on the Second Board of Bursa Malaysia Securities Berhad since 1 March 2004.

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

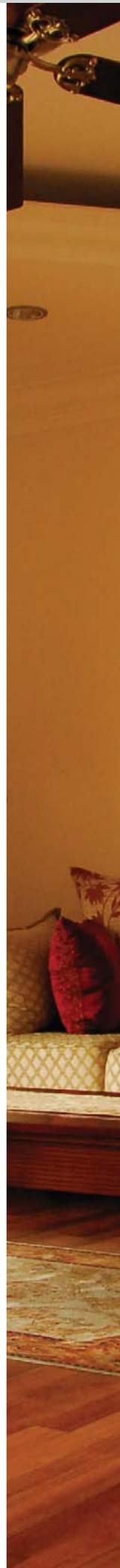
LDCSB with several other companies formed a corporate alliance under the name of Kumpulan Lebar Daun (“KLD”). KLD has expanded rapidly since 1988 and primarily involved in construction and property development in the Klang Valley. Along with KLD distinct expansion, LDAUN has expanded significantly and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

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

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

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RELIABILITY



Corporate Information

BOARD OF DIRECTORS

NORAZMI BIN MOHAMED NURDIN
(Chairman/Managing Director)

TAN SRI DATUK ADZMI
BIN ABDUL WAHAB
(Independent Non-Executive Director)

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

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

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

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

AUDIT COMMITTEE

PROF DR. HAMZAH BIN ISMAIL
(Chairman)

TAN SRI DATUK ADZMI
BIN ABDUL WAHAB

DATO' NIK ISMAIL
BIN DATO' NIK YUSOFF

NOMINATION COMMITTEE

DATO' NIK ISMAIL
BIN DATO' NIK YUSOFF
(Chairman)

PROF DR. HAMZAH BIN ISMAIL

DATUK MOHD HASHIM
BIN HASSAN

REMUNERATION COMMITTEE

DATUK MOHD HASHIM BIN HASSAN
(Chairman)

PROF DR. HAMZAH BIN ISMAIL

DATO' NIK ISMAIL
BIN DATO' NIK YUSOFF

COMPANY SECRETARY

Zawardi Bin Salleh (MAICSA 7026210)

AUDITORS

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

SOLICITORS

Zul Rafique & Partners
Salehuddin Saidin & Associates

REGISTERED OFFICE

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

SHARE REGISTRAR

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

PRINCIPAL BANKERS

CIMB Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Second Board



Profile of the Board of Directors

NORAZMI BIN MOHAMED NURDIN

Aged 43, Malaysian, was appointed as Chairman and Managing Director of Lebar Daun Berhad (“LDAUN”) on 7 January 2004. He holds a Degree in Civil Engineering and also a Degree in Engineering Management from the University of Portland, USA. He started his career with Petronas Berhad in November 1992 as Senior Executive, Tender and Contract Division. He was with the company until 1996. Prior to joining the LDAUN Group, he was the General Manager of Putrajaya Holdings Sdn Bhd and also served in various senior positions in several other private companies under Putrajaya Holdings Sdn Bhd. He is the key personnel in the management team that runs the day-to-day operations of LDAUN Group. He also sits on the board of several other private companies. He does not hold any other directorships of public companies. He holds a total of 86,158,800 ordinary shares (direct and indirect) in LDAUN and is deemed to have an interest in the shares of the subsidiary companies to the extent held by LDAUN. He is the brother of Dato’ Noor Azman @ Noor Hizam bin Mohd Nurdin, a Non-Independent Non-Executive Director and major shareholder of LDAUN and Encik Norazlan bin Mohamad Nordin, a major shareholder of LDAUN and the brother-in-law to Datin Nor Hayati bt Abd Malik, a major shareholder of LDAUN. He does not have any conflict of interest with the Company except for the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the LDAUN Group for which he is deemed to be interested as disclosed in page 16 of this Annual Report. He attended all the five board meetings held during the financial year ended 31 December 2008.

TAN SRI DATUK ADZMI BIN ABDUL WAHAB

Aged 66, Malaysian, was appointed as Independent Non-Executive Director of LDAUN on 13 December 2007. He is a member of the Audit Committee. He holds a Bachelor of Arts (Hons) Degree in Economics and a Post Graduate Diploma in Public Administration from the University of Malaya and a Master of Business Administration from the University of Southern California, USA. He was appointed as the longest serving Managing Director of Edaran Otomobil Nasional Berhad (EON) in November 1992 until May 2005. In 2003, he was conferred Malaysia CEO of the Year by AMEX and Business Times and Most PR Savvy CEO of the Year by Institute of Public Relation Malaysia. He was first Chairman of the Malaysian Franchise Association from 1994 to 2005 and also the first Chairman of the Asia Pacific Franchise Confederation in 1998-1999. He was co-Chairman of World Franchise Council (WFC) and Asia Pacific Franchise Confederation (APFC) meetings in Kuala Lumpur 1998 and 2003. WFC is a confederation of franchise association of 38 countries all over the world and APFC is a confederation of franchise associations for 11 countries in Asia Pacific region. He served the Malaysian Administrative and Diplomatic Service in various capacities from 1967 to 1982 in the following areas: Central Procurement and Contract Management in Ministry of Finance, Investment Promotion in Pahang Tenggara Development Authority, Public Enterprise Management in Implementation Coordination Unit (Prime Minister’s Department), Regional Planning in Klang Valley Planning Secretariat (Prime Minister’s Department). He was a Manager, Corporate Planning Division of HICOM Berhad involved in development of heavy industries projects from 1982 to 1985. He served PROTON in 1985 to 1992 and his last position in PROTON was Director/Corporate General Manager, Administration and Finance Division, responsible for human resource development, financial management, procurement and vendor development, secretarial and legal and general administration. He has wide experience of over 20 years serving as a chairman and director of HICOM, PROTON and EON Group of Companies involved in automotive (car manufacturing, distribution and component), property development, telecommunication, general trading, life insurance and franchise businesses. He currently also sits on the board of Magna Prima Berhad, Dataprep Holdings Bhd and several other private companies involved in ICT, property development and construction, manufacturing, automotive and franchise businesses. He is also Advisor to the Malaysian Franchise Association. He does not hold any ordinary shares in LDAUN. He does not have any family relationship with any Director and/or major shareholder of LDAUN and has no conflict of interest with LDAUN. He attended all the five board meetings held during the financial year ended 31 December 2008.

Profile of the Board of Directors

PROF DR. HAMZAH BIN ISMAIL

Aged 63, Malaysian, was appointed as Independent Non-Executive Director of LDAUN on 7 January 2004. He serves as the Chairman of the Audit Committee and is a member of the Nomination and Remuneration Committees. He holds a Bachelor of Economics (Hons) Degree from the University of Malaya, Masters of Business Administration from McMaster University, Canada and a Doctorate in Business Administration (Majoring in Accounting) from Indiana University, Bloomington, USA. He retired from the University of Kebangsaan Malaysia in 1997 where he was a Professor of Accounting. He currently also sits on the board and serves as the Chairman of the Audit Committee of Eastern Pacific Industrial Corporation Berhad. He does not hold any ordinary shares in LDAUN. He does not have any family relationship with any Director and/or major shareholder of LDAUN and has no conflict of interest with LDAUN. He attended all the five board meetings held during the financial year ended 31 December 2008.

DATUK MOHD HASHIM BIN HASSAN

Aged 64, Malaysian, was appointed as Independent Non-Executive Director of LDAUN on 7 January 2004. He serves as the Chairman of the Remuneration Committee and is a member of the Nomination Committee. He holds a Bachelor of Agriculture Science (Hons) Degree from the University of Malaya, a Master in Business Administration from Ohio University, USA and also a Master of Science (Food Science) from Michigan State University, USA. He has held various key positions in the government, semi-government and private sectors and his prominent career highlights include appointments as Chief Executive Officer of Kedah State Development Corporation from 1993 until 1996, Managing Director of Kulim Technology Park Corporation from 1994 until 1996, Executive Chairman of Bina Darulaman Berhad from 1994 until 1997 and Director/Chief Executive Officer of Putrajaya Holdings Sdn Bhd from 1996 until 2002 and subsequently appointed as the Chairman of the company from 2002 to 2003. He currently also serves as the Chairman of EXIM Bank Malaysia Berhad and sits on the board of Bank Kerjasama Rakyat Malaysia Berhad, Amanah Raya Berhad and several other private companies. He does not hold any ordinary shares in LDAUN. He does not have any family relationship with any Director and/or major shareholder of LDAUN and has no conflict of interest with LDAUN. He attended four out of five board meetings held during the financial year ended 31 December 2008.

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

Aged 63, Malaysian, was appointed as Independent Non-Executive Director of LDAUN on 7 January 2004. He serves as the Chairman of the Nomination Committee and is a member of the Audit and Remuneration Committees. He obtained a Diploma in Police Science from the University of Kebangsaan Malaysia. He began his career with the Royal Malaysia Police in 1965, where he served in numerous senior positions within the Royal Malaysia Police such as the Head of Special Branch, Terengganu (1982-1983), Commandant Special Branch Training School (1989-1992), Deputy Director Special Branch 1 (1995-1997), and Chief Police Officer of Terengganu (1997), Kedah (1997-1999), Selangor (1999-2001). He retired from the force as the Deputy Commissioner of Police in 2001. He currently also sits on the board of Malaysian AE Models Holdings Berhad and several other private companies. He does not hold any ordinary shares in LDAUN. He does not have any family relationship with any Director and/or major shareholder of LDAUN and has no conflict of interest with LDAUN. He attended all the five board meetings held during the financial year ended 31 December 2008.

DATO' NOOR AZMAN @ NOOR HIZAM BIN MOHD NURDIN

Aged 47, Malaysian, was appointed as Non-Independent Non-Executive Director of LDAUN on 7 January 2004. He graduated with an Honours in Business Management degree from the University of Kebangsaan Malaysia. He began his career as a Corporate and Retail Banking Executive with MUI Bank Berhad in 1985. He left MUI Bank Berhad in 1988 to set up Lebar Daun Construction Sdn. Bhd.. He also sits on the board of several other private companies. He does not hold any other directorships of public companies. He holds a total of 86,158,800 ordinary shares (direct and indirect) in LDAUN and is deemed to have an interest in the shares of the subsidiary companies to the extent held by LDAUN. He is the spouse of Datin Nor Hayati bt Abd Malik, a major shareholder of LDAUN and the brother of Encik Norazmi bin Mohamed Nurdin, the Chairman and Managing Director and a major shareholder of LDAUN and Encik Norazlan bin Mohamad Nordin, a major shareholder of LDAUN. He does not have any conflict of interest with the Company except for the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the LDAUN Group for which he is deemed to be interested as disclosed in page 16 of this Annual Report. He attended four out of five board meetings held during the financial year ended 31 December 2008.



DESIGN



Chairman's Statement

Dear Shareholders,

I am pleased to present herewith the Annual Report 2008 and the audited financial statements of Lebar Daun Berhad for the financial year ended 31 December 2008.

REVIEW OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The current economic turmoil has taken its toll on the country's economy and affected all parties from industry players and consumers. While the turmoil started in late 2007, the multiplying effects have reached our shore with their spillover being felt in property development, real estate and construction industries, either directly or indirectly. The country has, however, seen the effort of the government in tackling the slump with the announcement of RM7 billion First Stimulus Package in November 2008 and subsequent RM60 billion Second Stimulus Package in March 2009. It was noted that RM8.40 billion has been allocated under the Second Stimulus Package to speed up the implementation of projects under Ninth Malaysian Plan (9MP). The learning point that led to the announcement of

the Second Stimulus Package is that the First Stimulus Package may not be sufficient and may have only limited impact to pump-prime our economy further.

FINANCIAL PERFORMANCE

The financial year ended 31 December 2008 saw the Group registered a profit before taxation of RM233,000-00 against RM48.874 million of revenue. Despite recording RM7.939 million in gross profit at operational level, the low profit before taxation is largely due to loss on impairment in the Group's investment in quoted securities of RM3.612 million in the same period.

There was no movement in the Company's issued and paid-up share capital during the year under review. As at 31 December 2008, the Company's issued and paid-up share capital remained at RM68.242 million with

shareholders' fund and net asset per share decreased marginally to RM116.761 million and RM0.855, from RM117.558 million and RM0.861 a year before, respectively.

REVIEW OF OPERATION

Despite all the uncertainties in the economy, the Group showed perseverance and resilient where it managed to weather the volatile operating environment in the year 2008. Apart from the construction of private residential homes, the construction of Selangor Syariah Court Head Quarter and nine (9) other Syariah Lower Courts throughout Selangor has gained full momentum. The Syariah Courts project is expected for completion in 2011.



Chairman's Statement



The year under review also saw the Group continued with the construction of private residential homes with the launches of new phases in D'Kayangan and Bukit Bandaraya Shah Alam and other residential property development projects. Despite the odd at stake in the economy, the sales of private residential homes constructed by the Group have not been severely affected.

DIVIDEND

In view of the present economic uncertainties, the Board decided to place utmost priority in keeping positive cash flow and cash conservation, and thus has proposed that no dividend be paid for financial year ended 31 December 2008.

PROSPECT

The Group will focus on securing more construction jobs in 2009 to increase its revenue and building a strong order book. To achieve this, the Group will be more active in its bidding for construction jobs which have been lined up for the 9MP. Thus, it is important that the government quickly disseminate the projects to the contractors as the key learning point

from the allocation of the 9MP and the First Stimulus Budget is that the industry could not feel the impact of the allocation. The Second Stimulus Package is hoped to have a greater multiplier effect and which will be more impactful to pump prime our country's economy.

On private residential projects, the Group expects the market would be softer in 2009 in anticipation that house buyers would have lower purchasing powers compared with the previous years. Despite efforts by the government to assist both industry players and house buyers, the market for private residential homes is likely to range from lukewarm to active in 2009.

All in all, the Group foresees the overall market for local construction industry will remain active in 2009. Against this basis, we anticipate the Group's performance in 2009 will reflect that of 2008. To ensure this we have engaged in cost saving exercise and will also give emphasis on organic growth from within the Group.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank the management team and the staff of the Group for their hard work, dedication, loyalty and trust all these years. Noticeably, the Group is now working as a team injected with fresh blood. We are now more focused in meeting our objectives with every sense of clarity and commitment.

Secondly, I would also like to extend my sincere thanks to all our bankers, clients, suppliers and business associates for the support and confidence. Thirdly, I would like to register my utmost appreciation to my fellow board members for their valuable contribution and commitment, and finally, thank you to all shareholders for the continued support to the Group.

Thank you.

NORAZMI BIN MOHAMED NURDIN
Chairman/Managing Director

NEW TREND



Corporate Social Responsibility

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

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

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

ENVIRONMENT

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

WORKPLACE

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

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

COMMUNITY

LDAUN Group has undertaken some CSR initiatives to support the community. LDAUN Group has encouraged its employees to support and participate in some community activities such as Organ Donation and Rakan Cop, and has organised Majlis Sambutan Hari Raya Aidil Fitri Bersama Dengan Anak-anak Yatim as well as has offered Industrial Training Programmes for University pre-graduates. Besides, LDAUN Group has contributed monetary donations to the charitable organisations from time to time.

MARKETPLACE

At the marketplace, we always endeavor to deliver good quality products to our clients and have thus focused on the quality management system of our operations. During the financial year, the construction division of LDAUN Group has been accredited the ISO 9001:2000 certification. Additionally, LDAUN Group operates in tandem with its vision through sound business practices, effective management and good corporate governance with the aim of enhancing the stakeholders' value.

Statement on Corporate Governance

The Board of Directors of Lebar Daun Berhad (“the Board”) recognises the importance of practising the highest standards of corporate governance throughout the Company and its subsidiaries (“the Group”) and fully supports the recommendations of the Malaysian Code on Corporate Governance (“the Code”). The Board constantly strives to ensure that the highest standards of corporate governance are practised throughout the Group to protect and enhance shareholders’ value and the financial performance of the Group as a part of its fiduciary duties.

The Board is pleased to report on the manner the Group has applied the principles and the extent of compliance with the best practices of the Code throughout the financial year ended 31 December 2008.

THE BOARD OF DIRECTORS

Board Composition, Duties and Responsibilities

The Board currently has six members, comprising the Chairman/Managing Director, four Independent Non-Executive Directors and a Non-Independent Non-Executive Director. With this composition, the Board satisfies the requirement of having at least one third of its members as Independent Directors. All the Independent Directors are independent of the Management and are free from any business or other relationship that would materially interfere with the exercise of their independent judgement. The Board is of the view that four Independent Directors fairly reflect the interests in the Company by the minority shareholders. The Directors, with their different background and specialisation, collectively bring with them a wide range of experience and expertise to enable the Board in discharging its duties and responsibilities effectively. A brief description on the background of the Directors is presented on pages 4 and 5 of this Annual Report.

The Board has overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the resources, investments and businesses of the Group. All Board members participate fully in major decisions and key issues involving the Group such as approval of quarterly and annual results, budgets, significant acquisitions and disposals of assets, major capital expenditure as well as long term strategic planning for the Group.

The roles of the Chairman and Managing Director are combined and currently held by Encik Norazmi bin Mohamed Nurdin. This is perceived as appropriate and in the best interest of the Group as he has extensive knowledge and experience in the Group’s businesses, policies and administrative matters and is able to lend a hands-on approach in managing the Group. The Board is mindful of the dual role held by him but is of the opinion that the current Board composition reflects a strong independent element so that no individual has unfettered power of decision and no small group of individuals dominates the Board decision making.

The Board has identified Dato’ Nik Ismail bin Dato’ Nik Yusoff as the Senior Independent Non-Executive Director to whom all concerns regarding the Company may be conveyed.

Board Meetings and Supply of Information

The Board meets on a scheduled basis at least four times a year, with additional meetings convened when necessary. During the financial year, five Board meetings were held and the details of attendance of each Director at the Board meetings are recorded within the Profile of the Board of Directors on pages 4 and 5 of this Annual Report.

Prior to each Board meeting, all Directors are provided with a set of board papers with details on matters to be discussed at the meeting.

All members of the Board have unrestricted access to the advice and services of the senior managers and the company secretary. The company secretary is responsible for ensuring that all Board meeting procedures are followed and that all applicable rules and regulations are complied with.

Directors may obtain independent professional advice in furtherance of their duties, at the Company’s expense.



Statement on Corporate Governance

Appointment to the Board

In order to comply with good practice for the appointment of new directors through a formal and transparent procedure, the Board has set up a Nomination Committee, which comprised exclusively of Non-Executive Directors, to evaluate and recommend candidates for directorships to the Board.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third of the Directors for the time being, or, if their number is not three, or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election. Provided Always that all Directors including a Managing Director shall retire from office once at least in each three years but shall be eligible for re-election. A retiring Director shall retain office until the close of the Annual General Meeting at which he retires.

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

Directors' Training

At present, the Company does not have a formal orientation programme for the newly appointed Directors. However, newly appointed Directors will be provided with relevant information pertaining to the Group, including visits to the Group's operating sites and meetings with senior management to facilitate their understanding of the nature of business and strategy of the Group.

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

During the financial year, save for Tan Sri Datuk Adzmi Bin Abdul Wahab who had attended seminars on topics namely, Updates on Corporate Law Changes and Effective Chairmanship, the other Directors have not attended any training programmes. However, the Directors have been briefed and updated by the company secretary and the senior management on relevant new regulations and statutory requirements during the Audit Committee and Board meetings.

BOARD COMMITTEES

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

Audit Committee

The Audit Committee was established on 14 January 2004. It presently comprises of three Independent Non-Executive Directors. The Audit Committee Report is set out on pages 17 to 20 of this Annual Report.

Nomination Committee

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

Chairman

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

Members

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

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

Statement on Corporate Governance

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

Remuneration Committee

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

Chairman

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

Members

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

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

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of Executive Chairman, Managing Director and Executive Directors of the Company in all its forms, drawing from outside advice as necessary. The determination of remuneration packages of Non-Executive Directors is the responsibility of the Board as a whole. Individual directors will abstain from deliberations and voting on decisions in respect of their own remuneration package.

DIRECTORS' REMUNERATION

The objective of the Company's policy on Directors' remuneration is to attract and retain experienced and capable Directors to run the Group successfully. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The Directors' remuneration paid or payable to all the Directors of the Company for the financial year ended 31 December 2008 are as follows:-

	Fees RM	Salaries RM	Total RM
Executive Director	-	204,000	204,000
Non-Executive Directors	150,000	-	150,000
Total	150,000	204,000	354,000

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

Range of Remuneration	Executive	Non-Executive
Less than RM50,000	-	5
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	1	-

There is only one Executive Director whose remuneration details have been disclosed as above. The Board is of the view that it's not necessary to give break-up of remuneration of Non-Executive Directors, which is not considered significant.

Statement on Corporate Governance

SHAREHOLDERS

The Board acknowledges the need for shareholders to be informed on all material business matters affecting the Group. In addition to the various announcements made, the timely release of financial results on a quarterly basis provides shareholders and the investing public with an overview of the Group's performance and operations.

In addition, the Board encourages full participation by shareholders at every Annual General Meeting and Extraordinary General Meeting of the Company and opportunity is given to the shareholders to make relevant enquiries and seek clarification on the Group's business activities and financial performance.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospect at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to the shareholders as well as the Chairman's Statement in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' Responsibility Statement in respect of the Audited Financial Statements

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results of the operations, changes in equity and the cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates. The Directors also have a general responsibility for taking such steps to safeguard the assets of the Group and to prevent and detect fraud and irregularities.

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

Internal Control

The Statement on Internal Control is set out on pages 21 and 22 of this Annual Report.

Relationship with Auditors

The Group has established and maintained an appropriate and transparent relationship with the Group's auditors, both internal and external, particularly in seeking their professional advice and towards ensuring compliance with the accounting standards in Malaysia.

COMPLIANCE WITH BEST PRACTICES IN CORPORATE GOVERNANCE

The Board is of the opinion that the Group has principally complied with the Best Practices in Corporate Governance as set out in the Code throughout the financial year 2008 save as explained above.

Statement on Corporate Governance

ADDITIONAL COMPLIANCE INFORMATION

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

Utilisation of Proceeds

The Company did not raise any funds through any corporate proposals during the financial year.

Share Buybacks

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

Options, Warrants or Convertible Securities

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

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

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

Imposition of Sanctions/Penalties

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

Non-Audit Fees

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

Variation in Results

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

Profit Guarantees

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

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving the Directors' and major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year except for those recurrent related party transactions of a revenue or trading nature entered into for which shareholders' mandate had been secured.



Statement on Corporate Governance

Recurrent Related Party Transactions of a Revenue or Trading Nature

Breakdown of the aggregate value of recurrent related party transactions conducted pursuant to the shareholders' mandate during the financial year are as follows:-

Nature of Transactions	Interested Related Party	Transaction Value
		for the Financial Year Ended 31 December 2008 RM
Construction works awarded to Lebar Daun Construction Sdn Bhd (LDCSB) by Lebar Daun Development Sdn Bhd (LDDSB)	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾ Datin Nor Hayati bt Abd Malik ⁽⁴⁾	29,186,600
Letting of office premises to LDDSB by LDCSB	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾ Datin Nor Hayati bt Abd Malik ⁽⁴⁾	158,600
Letting of office equipment and furniture to LDDSB by LDCSB	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾ Datin Nor Hayati bt Abd Malik ⁽⁴⁾	41,400
Construction works awarded to LDCSB by Basco Sdn Bhd (BASCO)	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾ Norazlan bin Mohamad Nordin ⁽⁵⁾ Fatmawati bt Kasbin ⁽⁶⁾	15,809,807

Notes:-

- (1) Norazmi bin Mohamed Nurdin is the Chairman/Managing Director and a major shareholder of Lebar Daun Berhad (LDAUN) and a Director of LDCSB (a wholly-owned subsidiary of LDAUN) and LDDSB. He is the brother of Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin, Noorazhar bin Mohamed Nurdin and Norazlan bin Mohamad Nordin and the brother-in-law to Datin Nor Hayati bt Abd Malik and Fatmawati bt Kasbin.
- (2) Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin is a Non-Independent Non-Executive Director and major shareholder of LDAUN and a Director of LDCSB. He is also a Director and major shareholder of LDDSB. He is the spouse of Datin Nor Hayati bt Abd Malik and the brother of Norazmi bin Mohamed Nurdin, Noorazhar bin Mohamed Nurdin and Norazlan bin Mohamad Nordin and the brother-in-law to Fatmawati bt Kasbin.
- (3) Noorazhar bin Mohamed Nurdin is a Director of LDCSB and LDDSB. He is the brother of Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Norazlan bin Mohamad Nordin and the brother-in-law to Datin Nor Hayati bt Abd Malik and Fatmawati bt Kasbin.
- (4) Datin Nor Hayati bt Abd Malik is a major shareholder of LDAUN. She is also a Director and deemed major shareholder of LDDSB. She is the spouse of Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and the sister-in-law to Norazmi bin Mohamed Nurdin, Noorazhar bin Mohamed Nurdin, Norazlan bin Mohamad Nordin and Fatmawati bt Kasbin.
- (5) Norazlan bin Mohamad Nordin is a major shareholder of LDAUN. He is also a Director and major shareholder of BASCO. He is the spouse of Fatmawati bt Kasbin and the brother of Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Noorazhar bin Mohamed Nurdin and the brother-in-law to Datin Nor Hayati bt Abd Malik.
- (6) Fatmawati bt Kasbin is a Director and deemed major shareholder of BASCO. She is the spouse of Norazlan bin Mohamad Nordin and the sister-in-law to Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin, Noorazhar bin Mohamed Nurdin and Datin Nor Hayati bt Abd Malik.

Revaluation of Landed Properties

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

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee presently comprises the following members:-

Chairman

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

Members

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

Tan Sri Datuk Adzmi Bin Abdul Wahab (*Independent Non-Executive Director*)

TERMS OF REFERENCE

1. Objectives

The objective of the Audit Committee is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies. In addition, the Audit Committee shall:-

- a) oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- b) maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- c) determine the adequacy of the Group's administrative, operating and accounting controls.

2. Membership

The Audit Committee shall be appointed by the Board of Directors from among their number, which fulfils the following requirements:-

- a) the Audit Committee must be composed of no fewer than three (3) members;
- b) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
- c) at least one (1) member of the Audit Committee:-
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

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

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

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

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

Audit Committee Report

3. Functions

The functions of the Audit Committee are as follows:-

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

Audit Committee Report

4. Authority

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

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

5. Meetings

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

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

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

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

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

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

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

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

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

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

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

Audit Committee Report

MEETINGS

During the financial year ended 31 December 2008, five (5) Audit Committee Meetings were held and the details of attendance of each Audit Committee member are as follows:-

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

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee has discharged its duties as set out in its Terms of Reference, which accompany this Report. During the year under review, the following were the activities of the Audit Committee:-

- i) Reviewed, discussed and approved the audit plans for the year for the Group and the Company presented by the internal auditor.
- ii) Reviewed the adequacy of the scope, functions and staffing requirements of Group's Internal Audit Department to ensure that it was adequately staffed by employees with the relevant skills, knowledge and experience to enable the Group's Internal Audit Department to perform its role and that it has the necessary authority to carry out its work.
- iii) Reviewed the internal audit reports. The Audit Committee was briefed on the audit reports issued and on the issues raised by the Internal Auditor on various aspects of the system in operation, practices and procedures and internal controls. Special notice was taken of significant issues raised in the audit reports and that adequate corrective actions have been taken by the Operating Management to rectify the weaknesses.
- iv) Reviewed the external auditors' scope of work and audit plan of the year.
- v) Reviewed the quarterly results and year-end financial statements prior to the approval by the Board of Directors focusing particularly on:-
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
- vi) Reviewed the related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that raises questions of Management integrity.
- vii) Commissioned special reviews on specific areas of operations.

INTERNAL AUDIT FUNCTION

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

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

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

Statement on Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance sets out the principle that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. Paragraph 15.27(b) of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") requires the Board of Directors of listed companies to include a statement on internal control in its annual report.

RESPONSIBILITY

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

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

However, such a system is designed to manage risk rather than to eliminate risk of failure to achieve the policies and business objectives of the Group. It can only provide reasonable assurance, but not absolute assurance, against material misstatement of management and financial information and records or against financial losses or fraud.

The Board is of the view that the system of internal control in place for the year under review and up to the date of issuance of the annual report and financial statements is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees and the Group's assets.

The management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

RISK MANAGEMENT FRAMEWORK

The Group's identification and review of risks are carried out during management meetings as an on-going process. The Group continually updates the status of its risk profile in the process of identifying, evaluating and managing the significant risks faced by the Group. The topics that were discussed included corporate image, environment, health and safety, human resource, information system and information technology, project management, procurement and contract, tender management, product quality and competitors' activities.

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

- There is an organisation structure, which formally defines and entrench lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.
- Key functions such as finance, tax and treasury, corporate and legal matters, human resource and administration, information technology are controlled centrally.
- Management meetings are conducted regularly to review and oversee the Group's financial performance, business development, management and corporate issues.
- The Group produces consolidated monthly management accounts and quarterly performances, which allow the management to focus on areas of concern from the data captured in a sound financial system.

Statement on Internal Control

- The Audit Committee examines the effectiveness of the Group's systems of internal control on behalf of the Board. This is accomplished through review of the internal audit department's work. The internal audit department independently reviews the risk identification procedures and control processes implemented by the management and reports to the Audit Committee periodically. Internal audit department also reviews the internal controls in the key activities of the Group's business and functional units in accordance with the audit plan approved by the Audit Committee and the Board.
- An Employee Handbook clearly emphasises ethical behaviour and working environment to enhance positive corporate values.
- Regular visits to project sites by the Managing Director and senior management.

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

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Directors' Report

for the year ended 31 December 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

Directors' Report

for the year ended 31 December 2008

Directors' interests (cont'd)

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.



Directors' Report

for the year ended 31 December 2008

Other statutory information (cont'd)

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 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

Balance Sheets

at 31 December 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	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
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 32 to 56 are an integral part of these financial statements.

Income Statements

for the year ended 31 December 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	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 32 to 56 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2008

Group	<i>Non-distributable</i>		<i>Distributable</i>	Total equity RM
	Share capital RM	Share premium RM	Retained earnings 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 32 to 56 are an integral part of these financial statements.



Cash Flow Statements

for the year ended 31 December 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Cash flows from operating activities					
Profit/(Loss) before tax		233,308	4,771,772	(343,348)	636,180
<i>Adjustments for:</i>					
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
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)

The notes on pages 32 to 56 are an integral part of these financial statements.

Cash Flow Statements

for the year ended 31 December 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
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

i) *Cash and cash equivalents*

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

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 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 32 to 56 are an integral part of these financial statements.

Notes to the Financial Statements

Lebar Daun Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad. The 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, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segment</i>	1 July 2009
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	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.

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.

Notes to the Financial Statements

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

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.

(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.

(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.



Notes to the Financial Statements

2. Significant accounting policies (cont'd)

(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.

(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.

Notes to the Financial Statements

2. Significant accounting policies (cont'd)

(c) Intangible assets (cont'd)

(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.

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.

Notes to the Financial Statements

2. Significant accounting policies (cont'd)

(f) Inventories

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

(g) Receivables

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

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

Receivables are not held for the purpose of trading.

(h) Constructions work-in-progress

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

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

(i) Investments

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.

(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.

Notes to the Financial Statements

2. Significant accounting policies (cont'd)

(k) Impairment of assets (cont'd)

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

(l) Loans and borrowings

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

(m) Employee benefits

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

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

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

(n) Provisions

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

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.

Notes to the Financial Statements

2. Significant accounting policies (cont'd)

(p) Revenue

(i) Goods sold

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

(ii) Construction contracts

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

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

(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.

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.

Notes to the Financial Statements

2. Significant accounting policies (cont'd)

(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.

(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 2004/2007 ("ICULS")

ICULS is a compound instrument which contains both a liability component and an equity component. The fair value of the liability component is determined by discounting the future contractual cash flows of principal and interest payments at the prevailing market rate for equivalent non-convertible loan stocks. This amount is carried as liability on the amortised cost basis until extinguished on conversion or maturity of the instruments.

The fair value of the equity component represented by the conversion option is determined by deducting the fair value of the liability component from the notional amount of the loan stocks and is included in shareholders' equity.



Notes to the Financial Statements

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

Notes to the Financial Statements

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

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

	2008 RM	Group 2007 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.



Notes to the Financial Statements

4. Intangible assets (cont'd)

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

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

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

5. Investment properties

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

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

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

Notes to the Financial Statements

5. Investment properties (cont'd)

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

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

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 %	2007 %
Lebar Daun Construction Sdn Bhd	Malaysia	Civil and building construction	100	100
Lebtech Energy Sdn Bhd	Malaysia	Trading and services	100	100



Notes to the Financial Statements

7. Investment in quoted shares

	Group	
	2008 RM	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)
	156,874	(39,945)

8. Receivables, deposits and prepayments

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	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

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.

Notes to the Financial Statements

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

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

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

Note b

Construction work-in-progress

		Group	
	Note	2008	2007
		RM	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
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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	2007
	RM	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



Notes to the Financial Statements

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

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

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		Number of shares	
	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

Notes to the Financial Statements

11. Capital and reserves (cont'd)

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank all of its distributable reserves at 31 December 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 RM	2007 RM	2008 RM	2007 RM
Non-current				
Finance lease liabilities	57,898	247,683	13,693	31,207
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:

- third party first legal charge of RM2,500,000 over properties owned by a director;
- corporate guarantee for RM2,500,000 by the Company; and
- 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:

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

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:

- 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
- corporate guarantee for RM 2,000,000 by the Company.



Notes to the Financial Statements

12. Loans and borrowings (cont'd)

Security (cont'd)

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:

- 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
- 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	-	-

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
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% to 2.75%).

Notes to the Financial Statements

13. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

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

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

15. Payables and accruals

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	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.

Notes to the Financial Statements

15. Payables and accruals (cont'd)

Note b

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

16. Profit before tax

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	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
<hr/>					
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	-	-
<hr/>					

Notes to the Financial Statements

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

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

Notes to the Financial Statements

18. Tax expense (cont'd)

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:

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.

Notes to the Financial Statements

21. Financial instruments (cont'd)

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.

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)	-	-
Group 2007							
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)	-	-	-

Notes to the Financial Statements

21. Financial instruments (cont'd)

Effective interest rates and repricing analysis (cont'd)

Company 2007	Note	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 -4 years RM
Fixed rate instruments							
Finance lease liabilities	12	2.75	(47,834)	(16,627)	(17,514)	(13,693)	-

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

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

Notes to the Financial Statements

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	
	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 RM	2007 RM	2008 RM	2007 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.

Notes to the Financial Statements

24. Related parties (cont'd)

Identity of related parties (cont'd)

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

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

Group	Transaction value year ended 31 December		Balance outstanding as at 31 December	
	2008	2007	2008	2007
	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
<hr/>				
Company				
Dividend income from subsidiary	-	850,000	-	-
<hr/>				

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.

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 27 to 56 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

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 27 to 56 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:



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

Independent Auditors' Report

to the members of Lebar Daun Berhad

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 27 to 56.

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.

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

Firm Number: AF 0758
Chartered Accountants

Petaling Jaya, Selangor

Date: 22 April 2009



Hasman Yusri Yusoff

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



Analysis of Shareholdings

as at 30 April 2009

Authorised Share Capital	:	RM250,000,000.00
Issued and Paid Up Capital	:	RM68,241,837.50
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One (1) vote per Ordinary Share
No. of Shareholders	:	2,495

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	1,454	58.28	30,541	0.02
100 – 1,000	922	36.95	159,231	0.12
1,001 – 10,000	58	2.33	236,620	0.17
10,001 – 100,000	32	1.28	1,058,479	0.78
100,001 – less than 5% of issued shares	25	1.00	62,247,804	45.61
5% and above of issued shares	4	0.16	72,751,000	53.30
Total	2,495	100.00	136,483,675	100.00

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Norazmi Bin Mohamed Nurdin	8,082,000	5.93	78,076,800	57.20 ⁽¹⁾
2. Tan Sri Datuk Adzmi Bin Abdul Wahab	-	-	-	-
3. Prof Dr. Hamzah Bin Ismail	-	-	-	-
4. Datuk Mohd Hashim Bin Hassan	-	-	-	-
5. Dato' Nik Ismail Bin Dato' Nik Yusoff	-	-	-	-
6. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	59,751,000	43.78	26,407,800	19.35 ⁽²⁾

Notes:-

- (1) Deemed interest by virtue of his brothers, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin's, Norazlan bin Mohamad Nordin's and Noorazhar bin Mohamed Nurdin's and his sister-in-laws, Datin Nor Hayati bt Abd Malik's and Fatmawati bt Kasbin's direct shareholdings in Lebar Daun Berhad
- (2) Deemed interest by virtue of his spouse, Datin Nor Hayati bt Abd Malik's and his brothers, Norazmi bin Mohamed Nurdin's, Norazlan bin Mohamad Nordin's and Noorazhar bin Mohamed Nurdin's and his sister-in-law, Fatmawati bt Kasbin's direct shareholdings in Lebar Daun Berhad

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	59,751,000	43.78	26,407,800	19.35 ⁽¹⁾
2. Norazlan Bin Mohamad Nordin	9,048,000	6.63	77,110,800	56.50 ⁽²⁾
3. Datin Nor Hayati Bt Abd Malik	9,000,000	6.59	77,158,800	56.53 ⁽³⁾
4. Norazmi Bin Mohamed Nurdin	8,082,000	5.93	78,076,800	57.20 ⁽⁴⁾

Notes:-

- (1) Deemed interest by virtue of his spouse, Datin Nor Hayati bt Abd Malik's and his brothers, Norazmi bin Mohamed Nurdin's, Norazlan bin Mohamad Nordin's and Noorazhar bin Mohamed Nurdin's and his sister-in-law, Fatmawati bt Kasbin's direct shareholdings in Lebar Daun Berhad
- (2) Deemed interest by virtue of his spouse, Fatmawati bt Kasbin's and his brothers, Norazmi bin Mohamed Nurdin's, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin's and Noorazhar bin Mohamed Nurdin's and his sister-in-law, Datin Nor Hayati bt Abd Malik's direct shareholdings in Lebar Daun Berhad
- (3) Deemed interest by virtue of her spouse, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin's and her brother-in-laws, Norazmi bin Mohamed Nurdin's, Norazlan bin Mohamad Nordin's and Noorazhar bin Mohamed Nurdin's and her sister-in-law, Fatmawati bt Kasbin's direct shareholdings in Lebar Daun Berhad
- (4) Deemed interest by virtue of his brothers, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin's, Norazlan bin Mohamad Nordin's and Noorazhar bin Mohamed Nurdin's and his sister-in-laws, Datin Nor Hayati bt Abd Malik's and Fatmawati bt Kasbin's direct shareholdings in Lebar Daun Berhad

Analysis of Shareholdings

as at 30 April 2009

LIST OF THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. Noor Azman @ Noor Hizam Bin Mohd Nurdin	36,177,000	26.51
2. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	18,574,000	13.61
3. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Nor Hayati Binti Abd Malik)	9,000,000	6.59
4. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Norazlan Bin Mohamad Nordin)	9,000,000	6.59
5. Shah Rudin Bin Mohammed Miskun	6,500,004	4.76
6. HSBC Nominees (Asing) Sdn. Bhd. (Exempt An for credit SUISSE)	6,009,700	4.40
7. Mohd Nasir Bin Mohd Miskun	5,800,000	4.25
8. Mustafa Bin Mohammed Miskun	5,800,000	4.25
9. Nor Lia Binti Johan	5,300,000	3.88
10. AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	5,000,000	3.66
11. AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Norazmi Bin Mohamed Nurdin)	4,866,000	3.57
12. Anuar Bin Abd Malik	4,500,000	3.30
13. Mustapah Bin Mohamed	3,168,600	2.32
14. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Norazmi Bin Mohamed Nurdin)	3,000,000	2.20
15. Perbadanan Setiausaha Kerajaan Selangor	2,819,800	2.07
16. Mohd Don Bin Mastol @ Mastor	1,990,900	1.46
17. BHLB Trustee Berhad (PCM for Perbadanan Kemajuan Pertanian Selangor)	1,457,900	1.07
18. Abu Sujak Bin Mahmud	1,174,600	0.86
19. Perbadanan Kemajuan Negeri Selangor	1,000,000	0.73
20. CIMSEC Nominees (Asing) Sdn. Bhd. (ING Asia Private Bank Limited for Stardom East Holdings Limited)	1,000,000	0.73
21. Mhd Omar Bin Abdul Hamid	873,500	0.64
22. Faizal Bin Abdullah	652,000	0.48
23. Jamil Bin Saimon	406,400	0.30
24. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noorazhar Bin Mohamed Nurdin)	254,800	0.19
25. AMBank (M) Berhad (Pledged securities account for Norazmi Bin Mohamed Nurdin)	216,000	0.16
26. CIMB Group Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Anuar Bin Abd Malik)	140,000	0.10
27. Norgayah Binti Md Razi	106,300	0.08
28. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Ab Ghaus Bin Ismail)	105,900	0.08
29. Anuar Bin Abd Malik	105,400	0.08
30. HDM Nominees (Tempatan) Sdn Bhd (Pledged securities account for Sahri Bin Bahari)	92,900	0.07
TOTAL	135,091,704	98.98



List of Properties

as at 31 December 2008

Location	Tenure	Description/ Existing Use	Approximate Age of Buildings (Years)	Land Area/ Built -up Area (Sq. m.)	Net Book Value at 31.12.2008 (RM'000)	Date of Acquisition
No. 2, Jalan Tengku Ampuan Zabedah J9/J Section 9 40000 Shah Alam Selangor Darul Ehsan	Leasehold 99 years Expiring on 20/12/2100	3 ¹ / ₂ Storey Corner Shop/Office Building	7	254/935	1,836	14/10/2002
No. 4, Jalan Tengku Ampuan Zabedah J9/J Section 9 40000 Shah Alam Selangor Darul Ehsan	Leasehold 99 years Expiring on 20/12/2100	3 ¹ / ₂ Storey Intermediate Shop/Office Building	7	153/599	1,373	14/10/2002
Lot 9024 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey (end lot) Shop Office	16	156/603	190	09/12/1996
Lot 9026 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	16	156/603	190	09/12/1996
Lot 9028 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	16	156/603	190	09/12/1996

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of Lebar Daun Berhad will be held at Bilik Selangor, Kelab Shah Alam Selangor, No. 1A, Jalan Aerobik 13/43, Persiaran Kayangan, 40704 Shah Alam, Selangor Darul Ehsan on Thursday, 18 June 2009 at 11.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To approve the Directors' fees for the financial year ended 31 December 2008. *(Resolution 2)*
3. To re-elect the following Directors, who retire by rotation in accordance with Article 84 of the Company's Articles of Association:-
 - i) Dato' Nik Ismail Bin Dato' Nik Yusoff *(Resolution 3)*
 - ii) Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin *(Resolution 4)*
4. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 5)*
5. As special business, to consider and if thought fit, to pass the following Ordinary Resolution:-

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.3 of the Circular to Shareholders dated 27 May 2009, subject further to the following:-

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm's length basis and are not to the detriment of the minority shareholders of the Company;
- (ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:-
 - (a) the type of Recurrent Related Party Transactions made; and
 - (b) the names of the related parties involved in each type of Recurrent Related Party Transactions made and their relationship with the Company;
- (iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:-
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which this shareholders' mandate will lapse, unless by a resolution passed at the said AGM, such authority is renewed;



Notice of Annual General Meeting

- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;
- whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution.”

(Resolution 6)

6. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

ZAWARDI BIN SALLEH
MAICSA 7026210
Company Secretary

Shah Alam
27 May 2009

Notes:-

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

Explanatory Note on Special Business

7. *The proposed Resolution No. 6, if passed, will allow the Company and/or its subsidiary to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business and on terms that are not more favourable to the related parties than those generally available to the public. This would avoid any delay and cost involved in convening separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next Annual General Meeting of the Company or will subsist until the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.*

Statement Accompanying Notice of Annual General Meeting

Pursuant to paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad

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

- i) Dato' Nik Ismail Bin Dato' Nik Yusoff
- ii) Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin

Further details of the respective Directors are set out in the Profile of the Board of Directors on page 5 of this Annual Report.

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LEBAR DAUN BERHAD

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

Form of Proxy

I/We _____ NRIC No./Company No. _____
of _____
being a member/members of LEBAR DAUN BERHAD, hereby appoint _____
_____ NRIC No. _____
of _____
or failing whom, _____ NRIC No. _____
of _____

as my/our proxy to vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company to be held at Bilik Selangor, Kelab Shah Alam Selangor, No. 1A, Jalan Aerobik 13/43, Persiaran Kayangan, 40704 Shah Alam, Selangor Darul Ehsan on Thursday, 18 June 2009 at 11.00 a.m. and at every adjournment thereof for/against the resolution(s) to be proposed thereat.

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. Unless voting instructions are specified herein, the proxy will vote or abstain from voting as he thinks fit.

Resolution	For	Against
No. 1 Receipt of Audited Financial Statements and Directors' and Auditors' Reports		
No. 2 Approval of Directors' fees		
No. 3 Re-election of Dato' Nik Ismail Bin Dato' Nik Yusoff as Director		
No. 4 Re-election of Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin as Director		
No. 5 Re-appointment of Messrs KPMG as Auditors		
Special Business:		
No. 6 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

As witness my/our hand this _____ day of _____ 2009

No. of shares held :	
----------------------	--

Signature/Common Seal

Notes:-

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

Fold this flap for sealing

Then fold here

Affix
Stamp
here

The Company Secretary

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

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Lebar Daun Berhad (590945-H)

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

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