



Annual Report  
| 2006



**LEBAR DAUN BERHAD**  
(590945-H)

## 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.

LDAUN with several other companies formed a corporate alliance under the name of Kumpulan Lebar Daun ("KLD"). The Group 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 17 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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# Corporate Information

## Board of Directors

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

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

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

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

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

## Audit Committee

PROF DR. HAMZAH BIN ISMAIL *(Chairman)*

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

NORAZMI BIN MOHAMED NURDIN

## Nomination Committee

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

DATUK MOHD HASHIM BIN HASSAN

PROF DR. HAMZAH BIN ISMAIL

## Remuneration Committee

DATUK MOHD HASHIM BIN HASSAN *(Chairman)*

PROF DR. HAMZAH BIN ISMAIL

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

## Company Secretary

Razali Bin Hassan (LS 05531)

## Auditors

KPMG  
Chartered Accountants  
Wisma KPMG  
Jalan Dungun  
Damansara Heights  
50490 Kuala Lumpur  
Tel. No. : 603-2095 3388  
Fax. No. : 603-2095 0971

## Solicitors

Zul Rafique & Partners  
  
Nik Saghir & Ismail

## Registered Office

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

## Share Registrar

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 41, Malaysian, was appointed as Chairman and Managing Director of Lebar Daun Berhad ("LDAUN") on 7 January 2004. He is a member of the Audit Committee. He holds a Degree in Engineering Management and also a Degree in Civil Engineering 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. 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 17 of this Annual Report. He has not been convicted of any offences over the past 10 years. He attended all the five board meetings held during the financial year ended 31 December 2006.

### **DATUK MOHD HASHIM BIN HASSAN**

Aged 62, 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. He currently also sits on the board of Bank Kerjasama Rakyat Malaysia Berhad and 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 has not been convicted of any offences over the past 10 years. He attended three out of five board meetings held during the financial year ended 31 December 2006.

### **PROF DR. HAMZAH BIN ISMAIL**

Aged 61, 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 a director and 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 has not been convicted of any offences over the past 10 years. He attended all the five board meetings held during the financial year ended 31 December 2006.



## profile of the board of directors

### **DATO' NIK ISMAIL BIN DATO' NIK YUSOFF**

Aged 61, 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 Liqua Health Corporation 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 has not been convicted of any offences over the past 10 years. He attended all the five board meetings held during the financial year ended 31 December 2006.

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

Aged 45, 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 brother of Encik Norazmi bin Mohamed Nurdin, the Chairman and Managing Director 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 17 of this Annual Report. He has not been convicted of any offences over the past 10 years. He attended three out of five board meetings held during the financial year ended 31 December 2006.



## Chairman's Statement

### REVIEW OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

This year we see a strong revival of the construction industry due to the Government's pump-priming exercise under the Ninth Malaysia Plan (9MP). The rollout of funds for small and medium size projects is imminent and would be a good start to revive the local industry. The first group of construction players to benefit would be the medium-to-small contractors. Several Private Finance Initiated (PFI) projects valued at RM4.0 Billion would also be implemented and would likely contributed to the growth of the construction sector.

Despite this robust operating environment, the Group has had another profitable year with commendable performance. For the financial year ended 31 December 2006, the Group has fully completed the construction of Universiti Industri Selangor, Wisma PKPS and several packages of the housing projects of Kumpulan Lebar Daun. As in the previous years, construction of private residential properties continued to contribute significantly to the Group's business, contributing 43% of the operating revenue.

The Group will continue to give emphasis on enhancing its competitiveness in line with the intense competition due to too many players in the industry, coupled with rising cost of raw materials and eroded margins to single digits levels.





## chairman's statement



### FINANCIAL PERFORMANCE

For the financial year ended 31 December 2006, the Group achieved revenue of RM126.6 Million with profit before taxation recorded at RM7.4 Million and profit after taxation at RM3.2 Million.

During the financial year, the issued and paid-up share capital of the Company remains at RM68,231,088 with shareholders' fund of RM114.3 Million while the net asset per share increased to RM0.84 due to the increase in shareholders' fund of the Company. The balance of the Company's ICULS involving 21,500 units has also expired in January 2007.

### DIVIDEND

The Company declared an interim dividend of 2.5 sen per share less income tax of 28% for the financial year ended 31 December 2006 on 136,462,175 ordinary shares and was paid on 13 October 2006.



chairman's  
statement





## chairman's statement

### PROSPECT

The Group is optimistic that there will be an appropriate mix of projects in 2007 to support the Group's involvement. Budget 2007 would further assist the construction sector to recover from an expected slow growth in 2006. We recon that construction projects in 2007 would skew towards small-scale projects and large infrastructure jobs would likely be divided into smaller packages to ensure participation of smaller to medium size contractors.

The Group expects a strong revival of the construction industry, possibly as soon as the first quarter of 2007 or early part of the second quarter due to the pump-priming exercise by the Government under the 9MP. With the Group's active negotiating and participating in selective tenders and based on the current project values, we expect to be front-runners to win some of the projects under PFI programmes in order to maintain our growth momentum.

Although the past years had been challenging for the Group and the industry we anticipate that the Group's performance for 2007 will be satisfactory with further opportunity to open up not only locally but in the international markets as well.





chairman's  
statement**ACKNOWLEDGEMENT**

Together with the members of the Board, I would like to extend recognition to the Management and Staff of the Group for their dedication, commitment and hard work. Similarly the Board also appreciates its valued clients, financiers, advisors and shareholders for their continued support and confidence.

Lastly, I would like to register the utmost thanks to my fellow directors for their generous support and invaluable contribution during the year.

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





## 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 2006.

### THE BOARD OF DIRECTORS

#### Board Composition, Duties and Responsibilities

The Board currently has five members, comprising the Chairman/Managing Director, three Independent Non-Executive Directors and a Non-Independent Non-Executive Director. With this composition, the Board satisfies the requirement of having at least one third of its members as Independent Directors. All the Independent Directors are independent of the Management and are free from any business or other relationship that would materially interfere with the exercise of their independent judgement. The Board is of the view that three 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 3 and 4 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.



## statement on corporate governance

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 3 and 4 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.

### **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 shall retire from office and be eligible for re-election Provided Always that all Directors including a Managing Director shall retire from office once at least in each three years but shall be eligible for re-election. A retiring Director shall retain office until the close of the general meeting at which he retires.

### **Directors' Training**

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.



## statement on corporate governance

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, the Directors have attended the following seminars organised by Bursatra Sdn. Bhd.:-

- Implementing Business Plan Strategies
- Detection & Prevention of Corporate Fraud
- The Malaysian Code on Take-Overs and Mergers

### BOARD COMMITTEES

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

#### Audit Committee

The Audit Committee was established on 14 January 2004. It presently comprises of two Independent Non-Executive Directors and the Managing Director. The Audit Committee Report is set out on pages 18 to 23 of this Annual Report.

#### Nomination Committee

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

##### Chairman

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

##### Members

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

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

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

## statement on corporate governance

### Remuneration Committee

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

#### Chairman

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

#### Members

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

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

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

### DIRECTORS' REMUNERATION

The objective of the Company's policy on Directors' remuneration is to attract and retain 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 2006 are as follows:-

	<b>Fees RM</b>	<b>Salaries RM</b>	<b>Total RM</b>
Executive Director	-	144,000	144,000
Non- Executive Director	96,000	-	96,000
<b>Total</b>	<b>96,000</b>	<b>144,000</b>	<b>240,000</b>

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



## statement on corporate governance

Range of Remuneration	Executive	Non-Executive
Less than RM50,000	-	4
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	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.

### 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





## statement on corporate governance

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 accounting standards in Malaysia.

### **Internal Control**

The Statement on Internal Control is set out on pages 24 and 25 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 2006 save as explained above.

### **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 or exercise any options, warrants or convertible securities during the financial year.



## statement on corporate governance

### **American Depositary Receipt (ADR) or Global Depositary 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 subsidiary, Directors or Management by the relevant regulatory bodies during the financial year.

### **Non-Audit Fees**

The non-audit fees payable to the external auditors for the financial year amounted to RM7,000.

### **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 subsidiary 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.

### **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:-

## statement on corporate governance

Nature of Transactions	Interested Related Party	Transaction Value for the Financial Year Ended 31 December 2006
		RM
Construction works awarded to Lebar Daun Construction Sdn Bhd (LDCSB) by Lebar Daun Development Sdn Bhd (LDDSB)	Norazmi bin Mohamed Nurdin <sup>(1)</sup> Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin <sup>(2)</sup> Noorazhar bin Mohamed Nurdin <sup>(3)</sup>	<b>32,831,917</b>
Letting of office premises to LDDSB by LDCSB	Norazmi bin Mohamed Nurdin <sup>(1)</sup> Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin <sup>(2)</sup> Noorazhar bin Mohamed Nurdin <sup>(3)</sup>	<b>151,200</b>
Letting of office equipment and furniture to LDDSB by LDCSB	Norazmi bin Mohamed Nurdin <sup>(1)</sup> Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin <sup>(2)</sup> Noorazhar bin Mohamed Nurdin <sup>(3)</sup>	<b>37,800</b>
Construction works awarded to LDCSB by Basco Sdn Bhd (BASCO)	Norazmi bin Mohamed Nurdin <sup>(1)</sup> Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin <sup>(2)</sup> Noorazhar bin Mohamed Nurdin <sup>(3)</sup> Norazlan bin Mohamad Nordin <sup>(4)</sup> Fatmawati bt Kasbin <sup>(5)</sup>	<b>18,251,394</b>
Construction works awarded to BASCO by LDCSB	Norazmi bin Mohamed Nurdin <sup>(1)</sup> Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin <sup>(2)</sup> Noorazhar bin Mohamed Nurdin <sup>(3)</sup> Norazlan bin Mohamad Nordin <sup>(4)</sup> Fatmawati bt Kasbin <sup>(5)</sup>	<b>16,001,400</b>

**Notes:-**

- (1) Norazmi bin Mohamed Nurdin is the Chairman/Managing Director of Lebar Daun Berhad (LDAUN) and a Director of LDCSB (a wholly-owned subsidiary of LDAUN). He is also a Director of LDDSB.
- (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.
- (3) Noorazhar bin Mohamed Nurdin is a brother of Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Norazlan bin Mohamad Nordin. He is a Director of LDCSB and LDDSB.

- (4) Norazlan bin Mohamad Nordin is a brother of Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Noorazhar bin Mohamed Nurdin. He is a Director and major shareholder of BASCO and is the spouse of Fatmawati bt Kasbin.

- (5) Fatmawati bt Kasbin is a sister-in-law of Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Noorazhar bin Mohamed Nurdin. She is a Director and deemed major shareholder of BASCO and is the spouse of Norazlan bin Mohamad Nordin.

### 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*)

Encik Norazmi Bin Mohamed Nurdin (*Chairman / Managing Director*)

## TERMS OF REFERENCE

### **1. Objectives**

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

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

### **2. Membership**

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

- a) the Audit Committee must be composed of no fewer than 3 members;
- b) a majority of the Audit Committee must be independent directors; and
- c) at least one of the member of the Audit Committee:-
  - i) must be a member of the Malaysian Institute of Accountants; or



audit  
committee report

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

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

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

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

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

### 3. Functions

The functions of the Audit Committee are as follows:-

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



## audit committee report

- b) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors;
- c) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d) To review the quarterly results and year-end financial statements before recommending for the Board of Directors' approval, focusing particularly on:-
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements;
- e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- f) To review the external auditors' management letter and management's response;
- g) In relation to Internal Audit function:-
  - Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
  - Review any appraisal or assessment of the performance of members of the internal audit function;
  - Approve any appointments or termination of senior staff members of the internal audit function or consultants who will provide the services of the internal audit function;
  - Inform itself of resignations of internal audit staff members or consultants and provide the resigning staff members or consultants an opportunity to submit his reasons for resigning;
  - Review and assess the adequacy of the risk management framework and risk assessment.
- h) To consider the major findings of internal investigations and management's response;

- i) To report to the Bursa Malaysia Securities Berhad matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements; and
- j) To consider other areas as defined by the Board.

#### **4. Authority**

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

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

#### **5. Meetings**

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

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

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

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

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



## audit committee report

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

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

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

### MEETINGS

During the financial year ended 31 December 2006, 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
Encik Norazmi Bin Mohamed Nurdin	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



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

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

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



# 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 for identifying, evaluating and managing the significant risks faced by the Group. The topics that were discussed included corporate image, environment, health and safety, human resource, product quality and competitors' activities.

## statement on internal control

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, treasury, corporate and legal matters 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.
- The Audit Committee examines the effectiveness of the Group's systems of internal control on behalf of the Board. This is accomplished through review of the internal audit department's work. The internal audit independently reviews the risk identification procedures and control processes implemented by the management and reports to the Audit Committee periodically. Internal audit also reviews the internal controls in the key activities of the Group's business and functional units in accordance with audit plan approved by the Audit Committee and the Board.
- An Employee Handbook clearly 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.



# Directors' Report

for the year ended 31 December 2006

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2006.

## Principal activities

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## Results

	Group RM	Company RM
Profit for the year	3,167,939	2,695,215

## Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review, except as disclosed in the financial statements.

## Dividends

Since the end of the previous financial year, the Company paid an interim ordinary dividend of 2.5 sen per share less tax at 28% totalling RM2,456,319 in respect of the year ended 31 December 2006 on 13 October 2006.

## 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

## directors' report

for the year ended 31 December 2006

### Directors' interests

The holdings and deemed holdings in the ordinary shares and the Irredeemable Convertible Unsecured Loan Stocks of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2006	Bought	Sold	At 31.12.2006
<b>Shareholdings in which Directors have direct interest</b>				
Norazmi bin Mohamed Nurdin	1,582,000	-	-	1,582,000
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	86,250,000	-	2,000,000	84,250,000

### Shareholdings in which Directors have deemed interests

Norazmi bin Mohamed Nurdin	86,575,800	-	2,000,000	84,575,800
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	1,907,800	-	-	1,907,800

	2% Irredeemable Convertible Unsecured Loan Stocks 2004/2007 of RM1.00 each			
	At 1.1.2006	Conversion	Sold	At 31.12.2006
<b>Shareholdings in which Directors have direct interest</b>				
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	1,000	-	-	1,000

### Shareholdings in which Directors have deemed interests

Norazmi bin Mohamed Nurdin	1,000	-	-	1,000
----------------------------	-------	---	---	-------

By virtue of their interests in the shares of the Company, Norazmi bin Mohamed Nurdin and Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Lebar Daun Berhad has the 100% interest.

None of the other Directors holding office at 31 December 2006 had any interest in the ordinary shares of the Company and its related corporations during the financial year.

### Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a



## directors' report

for the year ended 31 December 2006

### **Directors' benefits** *(cont'd)*

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 other changes in the authorised, 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 2006

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

In the opinion of the Directors, except for the effects arising from the change in accounting policies as disclosed in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2006 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: 24 April 2007



## 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 33 to 73 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2006 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

.....  
**Norazmi Bin Mohamed Nurdin**

.....  
**Dato' Nik Ismail Bin Dato' Nik Yusoff**

Shah Alam,

Date: 24 April 2007

## Statutory Declaration

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

I, **See Thoo Su Jean**, the officer primarily responsible for the financial management of Lebar Daun Berhad, do solemnly and sincerely declare that the financial statements set out on pages 33 to 73 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 24 April 2007



.....  
**See Thoo Su Jean**

Before me:



26, Tingkat 1, Jln Tengku  
Ampuan Zabedah A. 60A,  
40100 Shah Alam,  
Selangor Darul Ehsan.



# Report Of The Auditors

to the members of Lebar Daun Berhad

We have audited the financial statements set out on pages 33 to 73. The preparation of the financial statements is the responsibility of the Company's Directors. The financial statements of the Company as at 31 December 2005 were audited by another chartered firm of auditor, whose report dated 14 April 2006, expressed an unqualified opinion on those statements.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
  - i) the state of affairs of the Group and of the Company at 31 December 2006 and the results of their operations and cash flows for the year ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

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

**KPMG**

Firm Number: AF 0758

Chartered Accountants

**Hasman Yusri Yusoff**

Partner

Approval Number: 2583/08/08(J)

Kuala Lumpur, Malaysia

Date: 24 April 2007

# Balance Sheets

at 31 December 2006

	Note	Group 2006 RM	2005 RM	Company 2006 RM	2005 RM
<b>Assets</b>					
Property, plant and equipment	3	4,157,736	5,154,133	73,829	94,432
Intangible assets	4	11,803,642	11,803,642	-	-
Investment property	5	600,000	-	-	-
Investments in subsidiaries	6	-	-	74,500,002	74,500,000
<b>Total non-current assets</b>		<b>16,561,378</b>	16,957,775	<b>74,573,831</b>	74,594,432
Receivables, deposits and prepayments	8	156,517,225	163,920,031	3,832,805	4,087,830
Inventories	9	200,439	-	-	-
Current tax assets		-	-	16,596	25,217
Cash and cash equivalents	10	10,515,079	42,865,584	497,391	7,848
<b>Total current assets</b>		<b>167,232,743</b>	206,785,615	<b>4,346,792</b>	4,120,895
<b>Total assets</b>		<b>183,794,121</b>	223,743,390	<b>78,920,623</b>	78,715,327
<b>Equity</b>					
Share capital	11	68,231,088	68,231,088	68,231,088	68,231,088
Share premium		10,467,196	10,467,196	10,467,196	10,467,196
Reserves		-	716	-	716
Retained earnings		35,592,764	34,881,144	16,893	(222,003)
<b>Total equity</b>		<b>114,291,048</b>	113,580,144	<b>78,715,177</b>	78,476,997
<b>Liabilities</b>					
Loans and borrowings	12	47,834	100,461	47,834	82,937
Deferred tax liabilities	7	364,439	36,700	-	-
<b>Total non-current liabilities</b>		<b>412,273</b>	137,161	<b>47,834</b>	82,937
Deferred income	13	502,848	4,519,255	-	-
Payables and accruals	14	64,324,472	61,254,777	120,372	140,675
Current tax liabilities		2,110,798	8,603,286	-	-
Loans and borrowings	12	2,152,682	35,648,767	37,240	14,718
<b>Total current liabilities</b>		<b>69,090,800</b>	110,026,085	<b>157,612</b>	155,393
<b>Total liabilities</b>		<b>69,503,073</b>	110,163,246	<b>205,446</b>	238,330
<b>Total equity and liabilities</b>		<b>183,794,121</b>	223,743,390	<b>78,920,623</b>	78,715,327

# Income Statements

for the year ended 31 December 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue		<b>126,639,395</b>	161,263,870	<b>4,080,000</b>	4,250,000
Cost of sale		<b>(115,129,608)</b>	(134,891,145)	-	-
<b>Gross profit</b>		<b>11,509,787</b>	26,372,725	<b>4,080,000</b>	4,250,000
Other income		<b>189,000</b>	252,000	-	-
Administrative expenses		<b>(4,531,672)</b>	(3,383,594)	<b>(240,950)</b>	(475,383)
Amortisation of Goodwill		-	(1,134,100)	-	-
Other expenses		-	(151,419)	-	-
<b>Results from operating activities</b>		<b>7,167,115</b>	21,955,612	<b>3,839,050</b>	3,774,617
Interest income		<b>568,855</b>	446,943	<b>11,424</b>	15,220
Finance costs		<b>(339,508)</b>	(486,029)	<b>(4,238)</b>	(7,422)
<b>Profit before tax</b>	15	<b>7,396,462</b>	21,916,526	<b>3,846,236</b>	3,782,415
Tax expense	17	<b>(4,228,523)</b>	(6,555,637)	<b>(1,151,021)</b>	(1,164,149)
<b>Profit for the year attributable to shareholders of the Company</b>		<b>3,167,939</b>	15,360,889	<b>2,695,215</b>	2,618,266
<b>Basic earnings per ordinary share (sen)</b>	18	<b>2.32</b>	11.26		



# Consolidated Statement Of Changes In Equity

for the year ended 31 December 2006

Group	Note	Attributable to shareholders of the Company				Total equity RM
		Share capital RM	Share premium RM	Capital reserve RM	Retained earnings RM	
<b>At 1 January 2005</b>		59,241,838	1,477,946	599,575	21,485,267	82,804,626
Profit for the year		-	-	-	15,360,889	15,360,889
Conversion of ICULS		8,989,250	8,989,250	(598,859)	-	17,379,641
Dividends to shareholders	19	-	-	-	(1,965,012)	(1,965,012)
<b>At 31 December 2005</b>		68,231,088	10,467,196	716	34,881,144	113,580,144
Profit for the year		-	-	-	3,167,939	3,167,939
Conversion of ICULS		-	-	(716)	-	(716)
Dividends to shareholders	19	-	-	-	(2,456,319)	(2,456,319)
<b>At 31 December 2006</b>		<b>68,231,088</b>	<b>10,467,196</b>	<b>-</b>	<b>35,592,764</b>	<b>114,291,048</b>

  

<b>Company</b>						
<b>At 1 January 2005</b>		59,241,838	1,477,946	599,575	(875,257)	60,444,102
Profit for the year		-	-	-	2,618,266	2,618,266
Conversion of ICULS		8,989,250	8,989,250	(598,859)	-	17,379,641
Dividends to shareholders	19	-	-	-	(1,965,012)	(1,965,012)
<b>At 31 December 2005</b>		68,231,088	10,467,196	716	(222,003)	78,476,997
Profit for the year		-	-	-	2,695,215	2,695,215
Conversion of ICULS		-	-	(716)	-	(716)
Dividends to shareholders	19	-	-	-	(2,456,319)	(2,456,319)
<b>At 31 December 2006</b>		<b>68,231,088</b>	<b>10,467,196</b>	<b>-</b>	<b>16,893</b>	<b>78,715,177</b>

# Cash Flow Statements

for the year ended 31 December 2006

Note	Group		Company	
	2006 RM	2005 RM Restated	2006 RM	2005 RM Restated
<b>Cash flows from operating activities</b>				
Profit before tax	<b>7,396,462</b>	21,916,526	<b>3,846,236</b>	3,782,415
Adjustments for:				
Amortisation of goodwill	4	-	1,134,100	-
Depreciation of property, plant and equipment		<b>478,774</b>	510,512	<b>20,603</b>
Dividend income	15	-	-	(4,250,000)
Finance costs		<b>339,508</b>	486,029	<b>4,238</b>
Gain on disposal of property, plant and equipment		-	(72,000)	-
Interest income		<b>(568,855)</b>	(446,943)	<b>(11,424)</b>
				(15,220)
<b>Operating profit /(loss) before changes in working capital</b>	<b>7,645,889</b>	23,528,224	<b>(220,347)</b>	(466,798)
Inventories	<b>(200,439)</b>	-	-	-
Payables and accruals	<b>3,025,163</b>	(38,191,056)	<b>(20,303)</b>	32,675
Receivables, deposits and prepayments	<b>3,387,256</b>	37,037,385	-	-
<b>Cash generated from/(used in) operations</b>	<b>13,857,869</b>	22,374,553	<b>(240,650)</b>	(434,123)
Dividends received	-	-	<b>4,080,000</b>	4,250,000
Interest received	<b>568,000</b>	469,887	<b>11,424</b>	15,220
Interest paid	<b>(347,826)</b>	(842,294)	<b>(4,238)</b>	(361,520)
Tax paid	<b>(10,393,277)</b>	(8,531,855)	<b>(1,142,400)</b>	(1,191,770)
<b>Net cash from operating activities</b>	<b>3,684,766</b>	13,470,291	<b>2,704,136</b>	2,277,807
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(ii),3	<b>(201,377)</b>	(128,220)	-
Acquisition of subsidiary, net of cash acquired	25	-	-	<b>(2)</b>
Repayment/(Loans) of subsidiaries		-	-	<b>255,025</b>
Advance from related companies		<b>52,852</b>	-	-
(Withdrawal)/Investment in fixed deposits		<b>8,346,218</b>	(1,656,696)	-
Proceeds from disposal of property, plant and equipment		<b>119,000</b>	72,000	-
<b>Net cash from/(used in) investing activities</b>		<b>8,316,693</b>	(1,712,916)	<b>255,023</b>
				(383,316)

## cash flow statements

for the year ended 31 December 2006

		Group		Company	
	Note	2006 RM	2005 RM Restated	2006 RM	2005 RM Restated
<b>Cash flows from financing activities</b>					
Dividends paid to shareholders of the Company	19	<b>(2,456,319)</b>	(1,965,012)	<b>(2,456,319)</b>	(1,965,012)
Proceed from finance lease liabilities		-	82,000	-	82,000
Payment of finance lease liabilities (Repayment to)/Proceed from borrowings		<b>(197,311)</b>	(464,300)	<b>(13,297)</b>	(5,129)
		<b>(29,362,604)</b>	5,245,612	-	-
<b>Net cash (used in)/from financing activities</b>		<b>(32,016,234)</b>	2,898,300	<b>(2,469,616)</b>	(1,888,141)
Net (decrease)/increase in cash and cash equivalents		<b>(20,014,775)</b>	14,655,675	<b>489,543</b>	6,350
Cash and cash equivalents at 1 January	(i)	<b>25,707,448</b>	11,051,773	<b>7,848</b>	1,498
<b>Cash and cash equivalents at 31 December</b>	(i)	<b>5,692,673</b>	25,707,448	<b>497,391</b>	7,848

### i) Cash and cash equivalents

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

	Note	Group		Company	
		2006 RM	2005 RM Restated	2006 RM	2005 RM Restated
Cash and bank balances	10	4,375,712	30,143,869	17,391	7,848
Deposits (excluding deposits pledged)	10	2,517,870	754,000	480,000	-
Bank overdraft repayable on demand - unsecured	12	(1,200,909)	(5,190,421)	-	-
		5,692,673	25,707,448	497,391	7,848

### ii) Acquisition of property, plant and equipment

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM201,377 (2005 - RM128,220) and Nil (2005 - RM103,017) respectively, of which Nil (2005 - RM103,017) and Nil (2005 - RM103,017) respectively, were acquired by means of finance lease/hire purchases.



## 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 the Malaysia Securities Exchange Berhad. The addresses of its registered office and principal place of business are as follows:

### Registered office & Principal place of business

Address: No 2, Jalan Tengku Ampuan Zabedah J9/J  
Seksyen 9, 40000 Shah Alam  
Selangor Darul Ehsan

The consolidated financial statements as at and for the year ended 31 December 2006 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.

### 1. Basis of preparation

#### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The MASB has issued the following Financial Reporting Standards (FRSs) and Interpretations that are effective for annual periods beginning after 1 January 2006, and that have not been applied in preparing these financial statements:

Standard / Interpretation	Effective date
FRS 117, <i>Leases</i>	1 October 2006
FRS 124, <i>Related Party Disclosures</i>	1 October 2006
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
Amendment to FRS 119 <sub>2004</sub> , <i>Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures</i>	1 January 2007
FRS 6, <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation</i>	1 July 2007
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007

## notes to the financial statements

### 1. Basis of preparation (cont'd)

#### (a) Statement of compliance (cont'd)

Standard / Interpretation	Effective date
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129<sub>2004</sub> Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007

The Group and the Company plan to apply FRS 117, FRS 124 and the Amendment to FRS 119<sub>2004</sub> initially for the annual period beginning 1 January 2007 and FRS 139 which its effective date has yet to be announced.

The impact of applying FRS 117, FRS 124 and FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective standards.

FRS 6 Amendment to FRS 121 and Interpretations are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

On 15 August 2006, the MASB issued FRS 6, *Exploration for and Evaluation of Mineral Resources* which will be effective for annual periods beginning on or after 1 January 2007 and for which is not applicable to the Group. Hence, no further disclosure is warranted.

The effects of adopting the new/revised FRSS in 2006 are set out in note 27.

The financial statements were approved by the Board of Directors on 24 April 2007.

#### (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.



## notes to the financial statements

### 1. Basis of preparation *(cont'd)*

#### (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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 4 - measurement of the recoverable amounts of cash-generating units
- Notes 23 - contingencies

### 2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see note 28).

#### (a) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when Group has the 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

##### (ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition accounting method of accounting is applied.



notes to the  
financial statements**2. Significant accounting policies (cont'd)****(a) Basis of consolidation (cont'd)****(ii) Changes in Group composition (cont'd)**

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

**(iii) Transactions eliminated on consolidation**

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currency****(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

**(c) Property, plant and equipment****(i) Recognition and measurement**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.



## notes to the financial statements

### 2. Significant accounting policies (cont'd)

#### (c) Property, plant and equipment (cont'd)

##### (ii) Subsequent costs

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

##### (iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is depreciated on a straight line method using the same rate of the freehold building due to the freehold land cost on which the building is located cannot be segregated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

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

The depreciable amount is determined after deducting the residual value.

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

#### (d) Intangible assets

##### (i) Goodwill

Goodwill/(negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures.

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. With the adoption of FRS 3, the carrying amount of negative goodwill at 1 January 2006 is derecognised with a corresponding adjustment to the opening balance of retained earnings.

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

notes to the  
financial statements**2. Significant accounting policies (cont'd)****(d) Intangible assets (cont'd)****(i) Goodwill (cont'd)****Amortised goodwill**

Before adoption of FRS 3, goodwill was measured at cost less accumulated amortisation and impairment losses. 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 or more frequently when there is objective evidence of impairment.

**(ii) Amortisation**

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill is tested for impairment annually and whenever there is an indication that they may be impaired.

**(e) Investments property**

Investment properties are properties which are owned or held under an interest 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 properties which are owned or held under an interest 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 properties are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy note c.

In the previous years, all investment properties were included in property, plant and equipment. Following the adoption of FRS 140, Investment Property, these investment properties are now classified separately.

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

**(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.



## notes to the financial statements

### 2. Significant accounting policies (cont'd)

#### (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 Group'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) 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.

#### (j) Impairment of assets

The carrying amounts of assets except for inventories/assets arising from construction contracts and financial assets (other than investment in subsidiaries) 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. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

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.

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.

notes to the  
financial statements**2. Significant accounting policies (cont'd)****(j) 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.

**(k) 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.

**(l) 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 the Employee's Provident Fund 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.

**(m) 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.



## notes to the financial statements

### 2. Significant accounting policies (cont'd)

#### (n) 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.

#### (o) 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 surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statement.

##### (iii) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

##### (iv) Dividend income

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

#### (p) 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)****(q) 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.

**(r) 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.

**(s) 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.

**(t) Lease payments**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.



## notes to the financial statements

### 2. Significant accounting policies (cont'd)

#### (f) Lease payments (cont'd)

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.

#### (u) Share capital

##### (i) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise they are charged to the income statement. Dividends to shareholders are recognised in equity in the period in which they are declared and approved.

##### (ii) 2% Irredeemable Convertible Unsecured Loan Stocks 2004/2007 ("ICULS")

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

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

### 3. Property, plant and equipment

Group	Freehold land and buildings	Leasehold land and buildings	Motor vehicles	Plant and machinery, office, telecommunication equipment	Fixtures, fittings and renovation	Total
Cost	RM	RM	RM	RM	RM	RM
At 1 January 2005	750,000	3,566,005	2,739,876	849,284	210,378	8,115,543
Additions	-	-	103,017	8,725	16,478	128,220
Disposals	-	-	(97,208)	-	-	(97,208)
At 31 December 2005/ 1 January 2006	750,000	3,566,005	2,745,685	858,009	226,856	8,146,555
Effect of adopting FRS 140	(750,000)	-	-	-	-	(750,000)
Additions	-	-	18,000	151,603	31,774	201,377
Disposals	-	-	(510,001)	(168,000)	-	(678,001)
At 31 December 2006	-	3,566,005	2,253,684	841,612	258,630	6,919,931

notes to the  
financial statements

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

Group(cont'd)	Freehold land and buildings RM	Leasehold land and buildings RM	Motor vehicles RM	Plant and machinery, office, telecommunication equipment RM	Fixtures, fittings and renovation RM	Total RM
<b>Depreciation</b>						
At 1 January 2005	120,000	71,320	1,727,653	495,083	165,061	2,579,117
Depreciation for the year	15,000	71,320	340,532	77,653	6,007	510,512
Disposals	-	-	(97,207)	-	-	(97,207)
At 31 December 2005/ 1 January 2006:						
Accumulated depreciation	135,000	142,640	1,970,978	572,736	171,068	2,992,422
Effect of adopting FRS 140	(135,000)	-	-	-	-	(135,000)
Depreciation for the year	-	71,320	323,869	58,314	10,271	463,774
Disposals	-	-	(510,001)	(49,000)	-	(559,001)
At 31 December 2006: Accumulated depreciation	-	213,960	1,784,846	582,050	181,339	2,762,195
<b>Carrying amounts</b>						
At 1 January 2005	630,000	3,494,685	1,012,223	354,201	45,317	5,536,426
At 31 December 2005/ 1 January 2006	615,000	3,423,365	774,707	285,273	55,788	5,154,133
At 31 December 2006	-	3,352,045	468,838	259,562	77,291	4,157,736

Included in the depreciation during the year an amount of RM138,468 (2005 - RM153,766) has been capitalised in the construction costs.



## notes to the financial statements

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

<b>Company</b>	<b>Motor vehicles RM</b>
<b>Cost</b>	
At 1 January 2005	-
Additions	103,017
At 31 December 2005/1 January 2006/31 December 2006	<b>103,017</b>
<b>Depreciation</b>	
At 1 January 2005	-
Charge for the year	8,585
At 31 December 2006/1 January 2006	8,585
Charge for the year	20,603
At 31 December 2006	<b>29,188</b>
<b>Carrying amounts</b>	
At 1 January 2005	-
At 31 December 2005/1 January 2006	94,432
At 31 December 2006	<b>73,829</b>

#### **Property, plant and equipment acquired on instalment purchase plans**

During the financial year, the Group acquired Nil (2005 - RM103,017) worth of motor by means of finance lease agreements.

Included in the property, plant and equipment of the Group and the Company are motor vehicles acquired under hire purchase arrangement with carrying value of RM265,821 (2005 - RM625,739) and RM73,829 (2005 - RM94,432) respectively.

## notes to the financial statements

### 4. Intangible assets

Group Cost	Note	Goodwill RM
At 1 January 2005/2006/ 31 December 2006		<b>13,619,588</b>
<b>Amortisation</b>		
At 1 January 2005		681,846
Amortisation for the year	15	1,134,100
At 31 December 2005/1 January 2006		1,815,946
Amortisation for the year		-
At 31 December 2006		<b>1,815,946</b>
<b>Carrying amounts</b>		
At 1 January 2005		12,937,742
At 31 December 2005/1 January 2006/ 31 December 2006		<b>11,803,642</b>

The recoverable amount of the investment in a subsidiary was based on its value in use and the recoverable amount is higher than the carrying amount of this intangible asset. There is no impairment loss recognised during the year.

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

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

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



## notes to the financial statements

### 5. Investment property

		Group	
	Note	2006 RM	2005 RM
<b>Cost</b>			
At 1 January			
Transfer from property, plant and equipment	3	750,000	-
Additions		-	-
At 31 December		750,000	-
<b>Accumulated amortisation</b>			
Transfer from property, plant and equipment	3	135,000	-
Amortisation charge for the year		15,000	-
At 31 December		150,000	-
<b>Carrying amounts</b>			
At 31 December		600,000	-
<b>Fair value:</b>			
Land and buildings		1,800,000	-

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

Included in the above are:

Land and buildings	600,000	-
--------------------	---------	---

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 2006, properties with a carrying amount of RM600,000 (2005 - RM615,000) is pledged to a licensed bank to secure banking facilities granted to the Group (see note 12).

## notes to the financial statements

### 6. Investments in subsidiaries

	Company	
	2006 RM	2005 RM
At cost:		
Unquoted shares	<b>74,500,002</b>	74,500,000

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2006 %	2005 %
Lebar Daun Construction Sdn Bhd	Malaysia	Civil and building construction	<b>100</b>	100
Lebtech Energy Sdn Bhd	Malaysia	Trading and services	<b>100</b>	-

### 7. Deferred tax liabilities

#### Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

Group	Liabilities	
	2006 RM	2005 RM
Property, plant and equipment	<b>364,439</b>	36,700

#### Movement in temporary differences during the year

Group	At 1.1.2005 RM	Recognised in income statement (note 17) RM	At 31.12.2005 RM	Recognised in income statement (note 17) RM	At 31.12.2006 RM
Property, plant and equipment	(8,300)	(28,400)	(36,700)	(327,739)	<b>(364,439)</b>





## notes to the financial statements

### 8. Receivables, deposits and prepayments

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
<b>Current</b>					
<b>Trade</b>					
Trade receivables	a	43,110,310	68,682,168	-	-
Construction work-in-progress	b	18,397,296	16,915,575	-	-
Amount due from related companies	c	94,762,357	78,029,667	-	-
		<b>156,269,963</b>	163,627,410	-	-
<b>Non-trade</b>					
Amount due from subsidiaries	d	-	-	3,782,805	4,037,830
Other receivables		135,697	129,330	50,000	50,000
Deposits		106,334	129,008	-	-
Prepayments		5,231	34,283	-	-
		<b>247,262</b>	292,621	<b>3,832,805</b>	4,087,830
		<b>156,517,225</b>	163,920,031	<b>3,832,805</b>	4,087,830

#### Note a

Included in trade receivables at 31 December 2006 are retention sums of RM1,163,874 (2005 - RM13,138,405) relating to construction work-in-progress.

Retention sums are unsecured, interest-free and are expected to be collectable within one year.

# notes to the financial statements

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

### Note b

#### Construction work-in-progress

		Group	
		2006	2005
	Note	RM	RM
Aggregate costs incurred to date		688,182,587	573,445,160
Add: Attributable profits		124,906,568	113,502,953
		813,089,155	686,948,113
Less: Progress billings		(795,194,707)	(674,551,793)
		17,894,448	12,396,320
Customer advances for construction work-in-progress	13	502,848	4,519,255
		18,397,296	16,915,575
Additions to aggregate costs incurred during the year include:			
Depreciation of property, plant and equipment		138,468	153,766
Interest expense		576,510	1,695,022

Included in aggregate costs incurred during the year is interest capitalised at an average rate of 8.5% (2005 - 8%) per annum.

### 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 2006 are retention sums of RM27,962,803 (2005 - RM23,999,499) relating to construction work-in-progress.

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

	2006	2005
	RM	RM
Within 1 year	7,237,506	1,618,696
1 – 2 years	9,804,050	13,297,621
2 – 3 years	8,542,837	6,813,384
3 – 4 years	945,024	1,060,533
4 – 5 years	1,433,386	1,209,265
	27,962,803	23,999,499



## 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	
	2006 RM	2005 RM	2006 RM	2005 RM
At cost:				
Finished goods	200,439	-	-	-

### 10. Cash and cash equivalents

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits are placed with:				
Licensed banks	6,139,367	12,721,715	480,000	-
Cash and bank balances	4,375,712	30,143,869	17,391	7,848
	10,515,079	42,865,584	497,391	7,848

#### Deposits placed with licensed banks pledged for a bank facility

Included in the deposits placed with licensed banks is RM3,621,497 (2005 - RM11,967,715) pledged for banking facilities granted to a subsidiary.

### 11. Capital and reserves

#### Share capital

	Group and Company	
	2006 RM	2005 RM
Authorised:		
Ordinary shares of RM0.50 each	250,000,000	250,000,000
Issued and fully paid:		
Ordinary shares of RM0.50 each	68,231,088	59,241,838
Issue of shares under Conversion of ICULS	-	8,989,250
On issue at 31 December	68,231,088	68,231,088

## notes to the financial statements

### 11. Capital and reserves (cont'd)

#### Capital reserve

The capital reserve comprises the equity portion of compound financial instruments issued.

#### Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank all of its distributable reserves at 31 December 2006 if paid out as dividends.

### 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.

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Non-current</b>				
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	-	20,370	-	20,370
Finance lease liabilities	<b>47,834</b>	80,091	<b>47,834</b>	62,567
	<b>47,834</b>	100,461	<b>47,834</b>	82,937
<b>Current</b>				
Revolving credit	-	1,286,000	-	-
Short term advance	-	27,537,605	-	-
Banker acceptance	<b>897,000</b>	1,436,000	-	-
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	<b>21,500</b>	414	<b>21,500</b>	414
Finance lease liabilities	<b>33,273</b>	198,327	<b>15,740</b>	14,304
Bank overdraft	<b>1,200,909</b>	5,190,421	-	-
	<b>2,152,682</b>	35,648,767	<b>37,240</b>	14,718

All borrowings except for Irredeemable Convertible Unsecured Loan Stocks ("ICULS") are secured.



## notes to the financial statements

### 12. Loans and borrowings (cont'd)

#### Security

The first bank overdraft bears interest at 1.75% to 2% (2005 - 1.75% to 2%) per annum above the bank's Base Lending Rate and is secured by the followings:

- a) third party first legal charge of RM2,500,000 over properties owned by a director; and
- b) personal guarantee for RM2,500,000 by a director.

The second bank overdraft bears interest at 5.5% per annum and is secured by the followings:

- a) third party first legal charge of RM2,000,000 over properties owned by a director;
- b) personal guarantee for RM2,000,000 by a director; and
- c) corporate guarantee by Credit Guarantee Corporation Malaysia Berhad for RM640,000.

The third bank overdraft bears interest at 2% (2005 - 2%) per annum above the Bank's Base Lending Rate and is secured by the followings:

- a) registered charge of RM 2,000,000 over properties owned by the Group; and
- b) Corporate guarantee for RM 2,000,000 by Lebar Daun Berhad.

The first bankers acceptance bears interest at 2% (2005 - 2%) per annum from the date of claim until the date of repayment thereof. It is secured and guaranteed by the followings:

- a) registered charge of RM2,000,000 over properties owned by the Group; and
- b) corporate guarantee of Lebar Daun Berhad for RM2,000,000

The second bankers acceptance bears interest at 1.5% (2005 - 1.5%) per annum from the date of claim until the date of repayment thereof. It is secured and guaranteed by the followings:

- a) registered charge of RM400,000 over fixed deposit of RM954,000; and
- b) personal guarantee by a director

The revolving credit bears interest at 0.5% (2005 - 0.5%) per annum above the bank's Base Lending Rate calculated on daily rest basis. It is repayable by 36 equal monthly instalments. It is secured and guaranteed by the followings:

- a) third party first legal charge over properties owned by an affiliated company; and
- b) personal guarantee by a director

## notes to the financial statements

### 12. Loans and borrowings (cont'd)

#### **Security (cont'd)**

The short term advance bears interest at 2% (2005 - 2%) per annum above the bank's Base Lending Rate from the date of claim until the date of repayment thereof. It is secured and guaranteed by the followings:

- a) deed of assignment of benefit of contract from one of the Group's projects; and
- b) corporate guarantee of Lebar Daun Berhad for RM40,000,000.

#### **Irredeemable Convertible Unsecured Loan Stocks (Significant covenants)**

The principal terms of the Irredeemable Convertible Unsecured Loans Stocks ("ICULS") issued are subject to the fulfilment of the following significant covenants:

- i) **Form and denomination**  
ICULS are issued in registered form and in multiples of RM1.00 nominal value each.
- ii) **Tenure, maturity date and interest rate**  
Tenure is three (3) years from the issuance date which was 7 January 2004. The maturity date for ICULS is 6th January 2007. ICULS interest is at 2% per annum payables in arrears annually on the first and second anniversary of the issue date and the last interest payment shall be made on the maturity date of the ICULS.
- iii) **Conversion rights**  
Each registered ICULS holder shall have the right to convert all or part of his ICULS into fully paid new ordinary shares of the Company at the conversion price during the conversion period.  
  
All ICULS converted under the Trust Deed shall cease to carry interest from and including the conversion date.  
  
The new ordinary shares issued and allotted on conversion of the ICULS shall rank pari passu in all respects with the then existing issued shares save for any dividends, rights, allotments and/or other distributions of which their respective entitlement dates are before the conversion date of the ICULS.
- iv) **Conversion price and mode of conversion**  
The ICULS will be converted on the basis of RM1.00 per new ordinary share of RM0.50 each. The conversion price shall be satisfied by tendering one (1) ICULS of RM1.00 each for cancellation for one (1) new ordinary share to be credited as issued and fully paid-up share capital of the Company.
- v) **Redeemability**  
The ICULS is non-redeemable for cash. Unless previously converted, all outstanding ICULS will be mandatorily converted into new ordinary shares in the Company at the conversion price on the maturity date.
- vi) **Security and status**  
The ICULS is unsecured and unconditional obligations of the Company.

## notes to the financial statements

### 12. Loans and borrowings (cont'd)

#### Irredeemable Convertible Unsecured Loan Stocks

##### (Significant covenants) (cont'd)

vii) Rights of ICULS holders on the event of default

Upon the occurrence of such an event of default, the ICULS holders, may by way of a special resolution, direct the trustee by giving notice in writing to the Company to declare the ICULS then outstanding as being immediately payable by the Company.

viii) Listing

ICULS is admitted to the Second Board of the Bursa Malaysia Securities Berhad.

ix) Trust Deed

ICULS are constituted by a trust deed executed by the Company and AMTrustees Berhad dated 7 January 2004. The trustee acts on the benefit of the holders of the ICULS. The ICULS and the trust deed is governed by and construed in accordance with the laws of Malaysia.

#### Terms and debt repayment schedule

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
<b>Group</b>					
<b>2006</b>					
Banker acceptance	2007	897,000	897,000	-	-
Finance lease liabilities	2007-2010	81,107	33,273	16,626	31,208
Irredeemable Convertible					
Unsecured Loan Stocks	2007	21,500	21,500	-	-
Bank overdraft	2007	1,200,909	1,200,909	-	-
		<b>2,200,516</b>	<b>2,152,682</b>	<b>16,626</b>	<b>31,208</b>
<b>Group</b>					
<b>2005</b>					
Revolving credit	2006	1,286,000	1,286,000	-	-
Short term advance	2006	27,537,605	27,537,605	-	-
Banker acceptance	2006	1,436,000	1,436,000	-	-
Finance lease liabilities	2007-2011	278,418	198,327	33,273	46,818
Irredeemable Convertible					
Unsecured Loan Stocks	2006-2007	20,784	414	20,370	-
Bank overdraft	2006	5,190,421	5,190,421	-	-
		<b>35,749,228</b>	<b>35,648,767</b>	<b>53,643</b>	<b>46,818</b>



# notes to the financial statements

## 12. Loans and borrowings (cont'd)

### Terms and debt repayment schedule (cont'd)

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
<b>Company 2006</b>					
Irredeemable Convertible					
Unsecured Loan Stocks	2007	21,500	21,500	-	-
Finance lease liabilities	2010	63,574	15,740	16,626	31,208
		85,074	37,240	16,626	31,208

### Company 2005

Irredeemable Convertible					
Unsecured Loan Stocks	2006-2007	20,784	414	20,370	-
Finance Lease Liabilities	2011	76,871	14,304	15,749	46,818
		97,655	14,718	36,119	46,818

### Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum Lease payments 2006 RM	Interest 2006 RM	Principal 2006 RM	Minimum lease payments 2005 RM	Interest 2005 RM	Principal 2005 RM
Less than one year	36,329	(3,056)	33,273	209,980	(11,653)	198,327
Between one and five years	51,410	(3,576)	47,834	85,919	(5,828)	80,091
	87,739	(6,632)	81,107	295,899	(17,481)	278,418
<b>Company</b>						
Less than one year	18,540	(2,800)	15,740	18,660	(4,356)	14,304
Between one and five years	51,410	(3,576)	47,834	68,395	(5,828)	62,567
	69,950	(6,376)	63,574	87,055	(10,184)	76,871

Interest rate on finance leases for the financial year range from 2.75% to 3.85% (2005 - 2.75% to 3.85%).



## notes to the financial statements

### 13. Deferred income

			Group	
		Note	2006 RM	2005 RM
<b>Current</b>				
Customer advances for construction work-in-progress		8	<b>502,848</b>	4,519,225

### 14. Payables and accruals

			Group		Company	
		Note	2006 RM	2005 RM	2006 RM	2005 RM
<b>Trade</b>						
Trade payables	a		<b>63,832,263</b>	60,815,093	-	-
<b>Non-trade</b>						
Advance from related companies	b		<b>52,852</b>	-	-	-
Other payables			<b>73,336</b>	146,968	<b>2</b>	32,615
Accrued expenses			<b>366,021</b>	292,716	<b>120,370</b>	108,060
			<b>492,209</b>	439,684	<b>120,372</b>	140,675
			<b>64,324,472</b>	61,254,777	<b>120,372</b>	140,675

#### 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 RM6,811,777 (2005 - RM10,374,412 ) owing to a company in which certain directors have interest.
  - b) Amount totaling RM14,170,702 (2005 - RM21,361,245) are retention sums.
- iii) Included in trade payable Nil (2005 - RM1,447,851) which represent advance received from contract customers.

#### Note b

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

# notes to the financial statements

## 15. Profit before tax

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
<b>Profit before tax is arrived at after charging:</b>					
Allowance for doubtful debts		-	150,419	-	-
Bad debts written off		-	1,000	-	-
Amortisation of intangible assets	4	-	1,134,100	-	-
Amortisation of investment properties	5	15,000	-	-	-
Auditors' remuneration:					
- Audit services					
Auditors of the Company		85,000	26,000	15,000	4,000
- Other services					
Auditors of the Company		7,000	-	-	-
Other auditors		-	40,333	-	-
Depreciation on property, plant and equipment		325,306	356,746	20,603	8,585
Director remuneration		372,000	372,000	96,000	96,000
Interest expense on:					
- Bank overdraft		198,119	353,653	-	-
- Borrowings		130,111	97,290	-	-
- ICULS		430	6,332	430	6,332
- Finance lease		10,848	28,754	3,808	1,090
<hr/>					
<b>and after crediting:</b>					
Dividend from subsidiaries		-	-	4,080,000	4,250,000
Gain on disposal of property, plant and equipment		-	72,000	-	-
Rental income from building		151,200	144,000	-	-
Rental income from equipments		37,800	36,000	-	-
<hr/>					

## 16. Employee information

	Group	
	2006 RM	2005 RM
Staff costs	1,921,089	1,590,441
Defined contribution plan		
– Employee Provident Fund	220,885	208,261
<hr/>		
	2,141,974	1,798,702
<hr/>		



## notes to the financial statements

### 17. Tax expense

#### Recognised in the income statement

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Total tax expense	<b>4,228,523</b>	6,555,637	<b>1,151,021</b>	1,164,149

Major components of tax expense include:

#### Current tax expense

Malaysian- current year	<b>2,407,502</b>	6,582,675	<b>1,132,061</b>	1,164,783
- prior year	<b>1,493,282</b>	(55,438)	<b>18,960</b>	(634)

Total current tax	<b>3,900,784</b>	6,527,237	<b>1,151,021</b>	1,164,149
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#### Deferred tax expense

Origination and reversal of  
temporary differences

Under provision in prior years	<b>67,560</b>	28,400	-	-
	<b>260,179</b>	-	-	-

Total deferred tax	<b>327,739</b>	28,400	-	-
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Total tax expense	<b>4,228,523</b>	6,555,637	<b>1,151,021</b>	1,164,149
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#### Reconciliation of effective tax rate

Profit for the year	<b>3,167,939</b>	15,360,889	<b>2,695,215</b>	2,618,266
Total tax expense	<b>4,228,523</b>	6,555,637	<b>1,151,021</b>	1,164,149

Profit excluding tax	<b>7,396,462</b>	21,916,526	<b>3,846,236</b>	3,782,415
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Tax at Malaysian tax rate of 28%	<b>2,071,009</b>	6,136,627	<b>1,076,946</b>	1,059,076
Non-deductible expenses	<b>404,180</b>	471,265	<b>55,235</b>	105,707
Other items	<b>(127)</b>	3,183	<b>(120)</b>	-

	<b>2,475,062</b>	6,611,075	<b>1,132,061</b>	1,164,783
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Under/(over) provided in prior years

Current tax expense	<b>1,493,282</b>	(55,438)	<b>18,960</b>	(634)
Deferred tax expense	<b>260,179</b>	-	-	-

	<b>4,228,523</b>	6,555,637	<b>1,151,021</b>	1,164,149
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## notes to the financial statements

### 18. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share at 31 December 2006 was based on the profit attributable to ordinary shareholders of RM3,167,939 (2005 - RM15,360,889) and 136,462,175 (2005 - 136,462,175) ordinary shares outstanding during the year.

#### Diluted earnings per share

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

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

The fully diluted earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares issued and issuable assuming full conversion of ICULS at 31 December 2006, as follows:

	Group	
	2006 RM	2005 RM
Net profit attributable to shareholders	3,167,939	15,360,889
Increase in net profit as a result of interest expense saved from ICULS	-	430
Adjusted net profit attributable to shareholders	3,167,939	15,361,319
Weighted average number of ordinary shares in issue	136,462,175	136,462,175
Adjustment for assumed conversion for ICULS	21,500	21,500
Adjusted weighted average number of ordinary shares in issue and issuable	136,483,675	136,483,675
Diluted earnings per share (sen)	2.32	11.26



## notes to the financial statements

### 19. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM	Date of payment
<b>2006</b>			
Interim 2006 ordinary			
less 28% tax	2.5	<u>2,456,319</u>	13 October 2006
<b>2005</b>			
Interim 2005 ordinary			
less 28% tax	2.0	<u>1,965,012</u>	28 June 2005

### 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, 68.5% of the credit risk is from related companies of which in the opinion of the directors that no doubtful debts shall be provided. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As for unrecognised financial asset, the maximum exposure to credit risk is the fair value of the financial asset disclosed below.

## notes to the financial statements

### 21. Financial instruments (cont'd)

#### 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.

#### 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 2006	Note	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM
<b>Fixed rate instruments</b>									
Deposits	10	3.28	6,139,367	6,139,367	-	-	-	-	-
Bank overdraft	12	5.50	(1,200,909)	(1,200,909)	-	-	-	-	-
Irredeemable									
Convertible									
Unsecured Loan									
Stocks	12	2.00	(21,500)	(21,500)	-	-	-	-	-
Finance lease liabilities	12	2.94	(81,107)	(33,273)	(16,626)	(17,514)	(13,694)	-	-
			4,835,851	4,883,685	(16,626)	(17,514)	(13,694)	-	-
<b>Floating rate instruments</b>									
Banker acceptance	12	5.60	(897,000)	(897,000)	-	-	-	-	-



## notes to the financial statements

### 21. Financial instruments (cont'd)

#### Effective interest rates and repricing analysis (cont'd)

Company 2006	Note	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM
<b>Fixed rate instruments</b>									
Deposits	10	2.60	480,000	480,000	-	-	-	-	-
Irredeemable Convertible Unsecured Loan									
Stocks	12	2.00	(21,500)	(21,500)	-	-	-	-	-
Finance lease liabilities	12	2.75	(63,574)	(15,740)	(16,626)	(17,514)	(13,694)	-	-
			394,926	442,760	(16,626)	(17,514)	(13,694)	-	-

Group 2005	Note	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM
<b>Fixed rate instruments</b>									
Deposits	10	3.02	12,271,715	12,271,715	-	-	-	-	-
Bank overdraft	12	5.50	(1,745,975)	(1,745,975)	-	-	-	-	-
Irredeemable Convertible Unsecured Loan									
Stocks	12	2.00	(20,784)	(414)	(20,370)	-	-	-	-
Finance lease liabilities	12	3.31	(278,418)	(198,327)	(33,273)	(16,626)	(17,514)	(12,678)	-
			10,226,538	10,326,999	(53,643)	(16,626)	(17,514)	(12,678)	-

<b>Floating rate instruments</b>									
Revolving credit	12	7.85	(1,286,000)	(1,286,000)	-	-	-	-	-
Short term advance	12	8.00	(27,537,605)	(27,537,605)	-	-	-	-	-
Banker acceptance	12	5.21	(1,436,000)	(1,436,000)	-	-	-	-	-
Bank overdraft	12	7.89	(3,444,446)	(3,444,446)	-	-	-	-	-
			(33,704,051)	(33,704,051)	-	-	-	-	-



# notes to the financial statements

## 21. Financial instruments (cont'd)

Company 2005	Note	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM
<b>Fixed rate instruments</b>									
Finance lease liabilities	12	2.75	(76,871)	(14,304)	(15,749)	(16,626)	(17,514)	(12,678)	-
Irredeemable Convertible Unsecured Loan Stocks	12	2.00	(20,784)	(414)	(20,370)	-	-	-	-
			(97,655)	(14,718)	(36,119)	(16,626)	(17,514)	(12,678)	-

### 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	2006		2005	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Finance lease liabilities	12	81,107	76,524	278,418	271,402
Irredeemable Convertible Unsecured Loan Stocks	12	21,500	21,500	20,784	20,784

  

Company	Note	2006		2005	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Finance lease liabilities	12	63,574	58,991	76,871	70,699
Irredeemable Convertible Unsecured Loan Stocks	12	21,500	21,500	20,784	20,784



## notes to the financial statements

### 22. Operating leases

#### Leases as lessor

The Group leases out its property, plant and equipment under operating leases (see note 6). The future minimum lease payments under non-cancellable leases are as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Less than one year	192,000	45,000	-	-
Between one and five years	48,000	-	-	-
	<b>240,000</b>	45,000	-	-

### 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	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Contingent liabilities</b>				
Corporate guarantee given to supplier for facilities granted to a subsidiary company	8,200,000	4,900,000	8,200,000	4,900,000
Corporate guarantee given to financial institutions for facilities granted to a subsidiary company	21,844,693	54,853,312	26,875,000	54,853,312
Performance guarantees issued in the form of bank guarantee given to customer by a subsidiary company for contracts	4,560,307	20,258,688	-	-
Payment guarantees issued in the form of bank guarantee given to suppliers by a subsidiary company	470,000	150,000	-	-
	<b>35,075,000</b>	80,162,000	<b>35,075,000</b>	59,753,312

## notes to the financial statements

### 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.

The Group has a related party relationship with its subsidiaries (see note 6) and Directors.

Group	Transaction value year ended 31 December		Balance outstanding as at 31 December	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Revenue received/receivable</b>				
Basco Sdn Bhd	18,251,394	17,804,000	18,251,394	15,969,132
Lebar Daun Development Sdn Bhd	32,831,917	31,515,544	32,831,917	31,515,544
<b>Rental income received</b>				
Lebar Daun Development Sdn Bhd	189,000	180,000	-	-
<b>Construction cost paid/payable</b>				
Basco Sdn Bhd	16,001,400	9,901,496	3,564,392	7,864,867

Company	Transaction value year ended 31 December	
	2006 RM	2005 RM
Dividend Income from subsidiary	4,080,000	4,250,000

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash. None of the balances is secured.

In addition, during the year ended 31 December 2006 the Group are given an advance of RM52,852 from one of its related company (see note 6).



## notes to the financial statements

### 25. Acquisitions of subsidiaries

#### Business combination

On 28 March 2006, the Group acquired all the shares in Lebtech Energy Sdn Bhd (formerly known as Angsana Terbilang Sdn Bhd) for RM2.00 satisfied in cash. The company will undertake the activity of trading and services for the Group. In the month of July 2006 till to 31 December 2006 the subsidiary contributed profit before tax of RM29,000.

The acquisition had no material effect on the Group's assets and liabilities on acquisition date.

### 26. Subsequent event

Subsequent to the financial year end, the three (3) years (2004/2007) 2% Irredeemable Convertible Loan Stock of RM21,500 at nominal value of RM1.00 each had on 7 January 2007 converted to 21,500 ordinary shares at RM0.50 each.

### 27. Changes in accounting policies

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2006.

The changes in accounting policies arising from the adoption of FRS 3, *Business Combination*, FRS 136, *Impairment of Assets* and FRS 138, *Intangible Assets* are summarised below:

#### FRS 3, Business Combinations, FRS 136, Impairment of Assets and FRS 138, Intangible Assets

The adoption of FRS 3, FRS 136 and FRS 138 has resulted in a change in the accounting policy for goodwill. The change in accounting policy is made in accordance with their transitional provisions.

Goodwill is stated at cost less accumulated impairment losses and is no longer amortised. Instead, goodwill impairment is tested annually, or when circumstances change, indicating that goodwill might be impaired. Negative goodwill is recognised immediately in the income statement.

Had there not been a change in accounting policy, the net profit attributable to shareholders for the financial year ended 31 December 2006 would decrease by RM907,972 as follows:

	Group 2006 RM
<b>Income statement for the year ended 31 December</b>	
Goodwill amortisation which would be charged to the income statement	907,972
Goodwill impairment expense which might not be charged to the income statement	-
	<hr/> 907,972 <hr/>

This change in accounting policy has material impact on earnings per share by reducing to 1.66 sen from 2.32 sen.

## notes to the financial statements

### 28. Comparative figures

Certain comparative figures have been reclassified as a result of changes in accounting policies as stated in note 27 and to conform with the presentation requirements of FRS 101.

	<b>Group</b>	
	<b>As restated</b>	<b>As previously stated</b>
	<b>RM</b>	<b>RM</b>
<b>Balance sheet</b>		
Property, plant and equipment	4,539,133	5,154,133
Investment properties	615,000	-

Investment properties are properties held to earn rentals or for capital appreciation or both. These properties were formerly classified as property, plant and equipment which have been reclassified as investment properties following the adoption of FRS 140. Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses with fair values disclosed.

Properties amounting to RM615,000 in 2005 that are owned to earn rental income or for capital appreciation or for both were reclassified from property, plant and equipment to investment properties.

The Group and the Company cash flow statements was previously presented under direct method, however during the year, the management has decided to adopt indirect method presentation. As a result of this adoption, the cash flow statement for the year ended 31 December 2005 is restated.



# Analysis Of Shareholdings

as at 8 May 2007

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	:	2,540

## DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	1,483	58.39	31,224	0.02
100 – 1,000	945	37.20	162,468	0.12
1,001 – 10,000	48	1.89	210,900	0.16
10,001 – 100,000	38	1.50	1,228,279	0.90
100,001 – less than 5% of issued shares	25	0.98	50,599,804	37.07
5% and above of issued shares	1	0.04	84,251,000	61.73
<b>Total</b>	<b>2,540</b>	<b>100.00</b>	<b>136,483,675</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Norazmi Bin Mohamed Nurdin	1,582,000	1.16	84,576,800	61.97 <sup>(1)</sup>
2. Datuk Mohd Hashim Bin Hassan	-	-	-	-
3. Prof Dr. Hamzah Bin Ismail	-	-	-	-
4. Dato' Nik Ismail Bin Dato' Nik Yusoff	-	-	-	-
5. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	84,251,000	61.73	1,907,800	1.40 <sup>(2)</sup>

Notes:-

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

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

## SUBSTANTIAL SHAREHOLDER

Name of Shareholder	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	84,251,000	61.73	1,907,800	1.40 <sup>(1)</sup>

Note:-

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

# analysis of shareholdings

as at 8 May 2007

## LIST OF THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. Noor Azman @ Noor Hizam Bin Mohd Nurdin	84,251,000	61.73
2. Shah Rudin Bin Mohammed Miskun	6,500,004	4.76
3. Mohd Nasir Bin Mohd Miskun	5,800,000	4.25
4. Mustafa Bin Mohammed Miskun	5,800,000	4.25
5. HSBC Nominees (Asing) Sdn. Bhd. (Exempt An for credit SUISSE)	5,526,100	4.05
6. Nor Lia Binti Johan	5,300,000	3.88
7. Asnor Bin Abd Malik	4,500,000	3.30
8. Mustapah Bin Mohamed	3,168,600	2.32
9. Perbadanan Setiausaha Kerajaan Selangor	2,819,800	2.07
10. Mohd Don Bin Mastol @ Mastor	1,990,900	1.46
11. BHLB Trustee Berhad (PCM for Perbadanan Kemajuan Pertanian Selangor)	1,500,000	1.10
12. Norazmi Bin Mohamed Nurdin	1,366,000	1.00
13. Abu Sujak Bin Mahmud	1,174,600	0.86
14. Perbadanan Kemajuan Negeri Selangor	1,000,000	0.73
15. CIMSEC Nominees (Asing) Sdn. Bhd. (ING Asia Private Bank Limited for Stardom East Limited)	1,000,000	0.73
16. Mhd Omar Bin Abdul Hamid	873,500	0.64
17. Faizal Bin Abdullah	652,000	0.48
18. Jamil Bin Saimon	406,400	0.30
19. Noorazhar Bin Mohamed Nurdin	254,800	0.19
20. Norazmi Bin Mohamed Nurdin	216,000	0.16
21. Ahmad Zahdi Bin Jamil	154,100	0.11
22. CIMB Group Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Anuar Bin Abd. Malik)	141,000	0.10
23. Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Ng Keng Huat)	124,000	0.09
24. Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Megat Abdul Munir Bin Megat Abdullah Rafaie)	119,800	0.09
25. Norgayah Binti Md Razi	106,300	0.08
26. Ab Ghaus Bin Ismail	105,900	0.08
27. DB (Malaysia) Nominees (Asing) Sdn. Bhd. (DEUTSCHE BANK AG LONDON)	83,900	0.06
28. Razali Bin Hassan	80,000	0.06
29. HSBC Nominees (Asing) Sdn. Bhd. (BNP Paribas Arbitrage (Hong Kong) Limited)	70,900	0.05
30. HDM Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Sahri Bin Bahari)	70,000	0.05
<b>TOTAL</b>	<b>135,155,604</b>	<b>99.03</b>



## List Of Properties

as at 31 December 2006

Location	Tenure	Description/ Existing Use	Approximate Age of Buildings (Years)	Land Area/ Built-up Area (Sq. m.)	Net Book Value at 31.12.2006 (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	5	254/935	1,915	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	5	153/599	1,437	14/10/2002
Lot 9024 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey (end lot) Shop Office	14	156/603	200	09/12/1996
Lot 9026 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	14	156/603	200	09/12/1996
Lot 9028 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	14	156/603	200	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 Fifth Annual General Meeting of Lebar Daun Berhad will be held at Juara Hall, 1<sup>st</sup> Floor, Carlton Holiday Hotel & Suites Shah Alam, No. 1, Persiaran Akuatik, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 26 June 2007 at 11.30 a.m. for the following purposes:-

### AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2006 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 2006. (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' Noor Azman @ Noor Hizam Bin Mohd Nurdin (Resolution 3)
  - ii) Encik Norazmi Bin Mohamed 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)

**As special business, to consider and if thought fit, to pass the following resolutions:-**

**5. 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 4 June 2007, 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;



## notice of annual general meeting

(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;

(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. **Special Resolution - Proposed Amendments to the Articles of Association of the Company**

"THAT the Proposed Amendments to the Articles of Association of the Company in the manner as set out in Appendix I of the Circular to Shareholders dated 4 June 2007 be and are hereby approved.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps and do all acts and things so as to give full effect to and for the purpose of completing or implementing the Proposed Amendments to the Articles of Association of the Company with full power to assent to any condition, modification, variation and/or amendment in any manner as may be required by any relevant authorities."

**(Resolution 7)**

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

By Order of the Board

**RAZALI BIN HASSAN**

LS 05531

Company Secretary

Shah Alam

4 June 2007

## notice of annual general meeting

### 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 more than one (1) proxy (but not more than two (2) proxies) to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, 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 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 Notes 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.
8. The proposed Resolution No. 7, if passed, will allow the Company to amend its Articles of Association to be in line with the recent amendments of the Listing Requirements of Bursa Malaysia Securities Berhad and also to facilitate some administrative issues. The details of the Proposed Amendments to the Articles of Association of the Company are set out in Appendix 1 of the Circular to Shareholders dated 4 June 2007 which is despatched together with this Annual Report.



## Statement Accompanying Notice Of Annual General Meeting

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

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

- i) Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin
- ii) Encik Norazmi Bin Mohamed Nurdin

Further details of the respective Directors are set out in the Profile of the Board of Directors on pages 3 and 4 of this Annual Report.



## 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 Fifth Annual General Meeting of the Company to be held at Juara Hall, 1<sup>st</sup> Floor, Carlton Holiday Hotel & Suites Shah Alam, No. 1, Persiaran Akuatik, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 26 June 2007 at 11.30 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' Noor Azman @ Noor Hizam Bin Mohd Nurdin as Director		
No. 4 Re-election of Encik Norazmi Bin Mohamed Nurdin as Director		
No. 5 Re-appointment of Messrs KPMG as Auditors		
<b>Special Business:</b>		
No. 6 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
No. 7 Proposed Amendments to the Articles of Association of the Company		

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2007

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 more than one (1) proxy (but not more than two (2) proxies) to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, 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 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.

Please fold here to seal

Please fold here to seal

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

Please fold here to seal



**LEBAR DAUN BERHAD** (590945-H)

**Wisma Lebar Daun**

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

Tel : 603-5511 1333

Fax : 603-5511 1888

Web : [www. lebardaun.com.my](http://www.lebardaun.com.my)