

11. ACCOUNTANTS' REPORT

(Prepared for inclusion in the Prospectus)



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The Board of Directors
Lebar Daun Berhad
Wisma Lebar Daun
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Section 9
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Selangor

30 January 2004

Dear Sirs

1 Introduction

This report has been prepared for the purpose of inclusion in the Prospectus of Lebar Daun Berhad ("LDB") pursuant to the listing of LDB on the Second Board of Malaysia Securities Exchange Berhad.

2 General information

2.1 Incorporation

LDB 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.

It was incorporated for the purpose of facilitating the completion of the Restructuring Scheme of HACB which resulted in LDB becoming the ultimate holding company of the LDCSB and taking over the listing status of HACB on the Second Board of the Malaysia Securities Exchange Berhad ("MSEB").

Lebar Daun Construction Sdn. Bhd. ("LDCSB" or "the Company") is a private limited company incorporated in Malaysia on 16 November 1988 under the name of Lebar Daun Sdn Bhd. It changed its name to Lebar Daun Construction Sdn. Bhd. on 10 January 2002.

2.2 Principal activities

LDB is currently an investment holding company.



KPMG, a partnership established under Malaysian law, is a member of KPMG International, a Swiss association.



11. ACCOUNTANTS' REPORT (Cont'd)**2.2 Principal activities (continued)**

LDCSB was incorporated as a property developer and later diverted its activity as a contractor. LDCSB with several companies, namely Lebar Daun Properties Sdn Bhd, Lebar Daun Development Sdn Bhd and Basco Sdn Bhd formed a corporate alliance under the name of Kumpulan Lebar Daun ("KLD"). KLD has expanded since 1988 and is currently involved in construction and property development. LDCSB has been appointed as the in-house contractor for most but not all of KLD's projects.

LDCSB is registered as a Class "A" Bumiputra contractor with Pusat Khidmat Kontraktor and a Class "G7" contractor with Construction Industry Development Board. With these licenses, LDCSB can tender for government and private sector projects of any size and amount.

The major projects undertaken by LDCSB for the relevant years under review are as follows:

Project name	Type of Work	Completion Date	Contract value RM' million
Taman Sri Puteri Phase I	Infrastructure and building	1996 and 1998	2.6
Taman Meru Utama	Infrastructure and building	1996 and 1998	7.0
Taman Sri Andalas	Infrastructure and building	2002	6.7
Taman Dato' Bandar 1 and 2	Infrastructure and building	2001 and 2002	25.0
Pangsapuri Puteri	Infrastructure and building	2002	10.0
Taman Dato' Bandar 3	Infrastructure and building	2002	2.9
Taman Ratnasari	Infrastructure and building	2002	3.6
JKR Selangor	Upgrading of existing roads	Expected to complete in 2005	33.0
Universiti Industri Selangor	Infrastructure and building and equipment	Expected to complete in 2004	313.9
Bukit Bandaraya Shah Alam	Infrastructure and building	Expected to complete in 2008	477.0
Perbadanan Kemajuan Pertanian Selangor	Construction of building	Expected to complete in 2006	58.2
Racing Track	Infrastructure and building	Expected to complete in 2012	520.0
Wangsa Maju	Construction of building	Expected to complete in 2004	33.0
			----- 1,492.9 =====

11. ACCOUNTANTS' REPORT (Cont'd)**2.3 Share capital**

LDB's present authorised share capital is RM250,000,000 comprising 500,000,000 ordinary shares of RM0.50 each. Its present issued and fully paid up share capital is RM56,500,002.

LDCSB's present authorised share capital is RM17 million comprising 17 million ordinary shares of RM1.00 each, with RM17 million have been issued and fully paid up. LDCSB was owned by two individuals Dato' Noor Azman @ Noor Hizam bin Mohd. Nurdin and Datin Nor Hayati binti Abd. Malik. On 7 January 2004, LDB acquired the entire issued and fully paid up share capital of LDCSB as part of the restructuring scheme.

The shareholding in the ordinary shares of LDB at 7 January 2004 are as follows:

	Number of ordinary shares of RM0.50 each
Dato' Noor Azman @ Noor Hizam bin Muhd Nurdin	112,999,989
Datin Nor Hayati binti Abdul Malik	11
Shah Rudin bin Mohamed Miskun	2
Nor Lia binti Johan	2
	<u>113,000,004</u>
	=====

The movement in issued and paid-up share capital of LDB since the date of incorporation is as follows:

	Number of ordinary shares of RM0.50 each
<i>Issued and paid-up</i>	
Incorporation date	2
Issued on: 31 January 2003	2
7 January 2004	113,000,000
	<u>113,000,004</u>
	=====

The movement in issued and paid-up share capital of LDCSB since the date of incorporation is as follows:

	Number of ordinary shares of RM1.00 each
<i>Issued and paid-up</i>	
Incorporation date	3
Issued on: 5 December 1988	499,997
3 October 1999	500,000
13 March 2001	2,000,000
24 January 2002	7,000,000
25 August 2003	3,500,000
31 December 2003	3,500,000
	<u>17,000,000</u>
	=====

11. ACCOUNTANTS' REPORT (Cont'd)**2.4 Restructuring Scheme**

The restructuring scheme will entail the following:

- i. Capital reduction of RM0.99 for each existing ordinary share of RM1.00 each in HACB ("HACB share") and followed by a consolidation of 100 HACB shares of RM0.01 each into one (1) new consolidated HACB share.
- ii. Arrangement of HACB Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and cancellation of outstanding HACB warrants and Employee Share Option Scheme ("ESOS").
- iii. Acquisition of the entire equity interest of HACB through the issuance and allotment of one (1) ordinary share of RM0.50 each in LDB ("LDB Share") for every one (1) consolidated HACB Share held by the shareholders of HACB ("Share Swap")
- iv. Acquisition of the entire equity interest of LDCSB comprising 17.0 million ordinary shares of RM1.00 each from the LDCSB Vendors (i.e. Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Datin Nor Hayati binti Abd Malik) for a total consideration of RM74.5 million satisfied via an issuance of 113.0 million LDB Shares and 18.0 million 2% LDB ICULS with a nominal value of RM1.00 each
- v. Exemption from the obligation to extend an unconditional mandatory general offer for the remaining shares in LDB not held by Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Datin Nor Hayati Bt Abd Malik.
- vi. Fund raising via the following exercise:
 - Public Issue of 5.0 million new LDB Shares at an issue price of RM1.20 per Public Issue Share to eligible Directors and employees of LDCSB, potential investors and the Malaysian public;
 - Offer for sale of 5.0 million LDB Shares by Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin to the Malaysian public and placement of 14.0 million LDB Shares by Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin to placees identified at an offer price of RM1.20 per LDB Share; and
 - Placement of RM100,000 nominal value of ICULS at 100% of the nominal value of RM1.00 each by the creditors of HACB.
- viii. Settlement of amounts owing by HACB to creditors by undertaking the following proposals:
 - Cash Payment;
 - Transfer of Shares;
 - Transfer of LDB ICULS; and
 - Put and Call Arrangement.
- ix. Transfer of listing status from HACB to LDB on the Second Board of the MASEB.

11. ACCOUNTANTS' REPORT (Cont'd)



2.4 Restructuring Scheme (continued)

- x. Disposal of HACB to a Special Purpose Vehicle ("SPV") and subsequently liquidation of HACB and its subsidiaries upon the implementation of the SA Proposal.

2.5 Dividends

Neither LDB nor LDCSB have paid or declared any dividend since their incorporation.

2.6 Financial statements and auditors

The financial statements of LDB for the financial year ended 31 December 2002 and period ended 31 August 2003 were audited by Khairuddin, Hasyudeen & Razi.

The financial statements of LDCSB for the relevant financial years covered in this report were audited by Sahir & Co for the years ended 31 December 1998 to 2000, and then Khairuddin, Hasyudeen & Razi for the years ended 31 December 2001 and 2002, and period ended 31 August 2003.

The auditors' reports for the financial statements under review for LDB and LDCSB were not subject to any qualification.

2.7 Accounting policies and standards

This report is prepared on a basis consistent with accounting policies normally adopted by LDB and LDCSB, and in accordance with applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

2.8 Presentation of summarised income statements, summarised balance sheet, cash flow statement and statement of assets and liabilities

As LDCSB is the sole operating company within LDB Group pursuant to the Restructuring Scheme, only the summarised income statements, summarised balance sheet, cash flow statement and statement of assets and liabilities of LDCSB have been presented in this Report. Summarised proforma income statements and proforma balance sheet of LDB Group have been presented for illustrative purposes only.

11. ACCOUNTANTS' REPORT (Cont'd)**3 Summarised income statements****3.1 Proforma consolidated income statements of LDB**

We set out below the proforma consolidated income statements of LDB Group for the past five (5) financial years ended 31 December 1998 to 2002 on the assumption that LDB Group has been in existence since 1998. These financial results are provided for illustrative purposes only to show the effects of the transactions referred to in the notes and the adjustments are appropriate for the purposes of the proforma consolidated income statement:

	<-----Year ended 31 December----->					Period ended
	1998	1999	2000	2001	2002	31.08.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	503	-	15,520	26,525	109,214	75,682
Gross profit	=====	=====	=====	=====	=====	=====
	283	-	3,084	9,260	22,121	18,434
	=====	=====	=====	=====	=====	=====
EBIDTA before R&D	107	(264)	2,738	8,406	21,709	17,132
R&D expenses	-	-	-	-	-	-
EBIDTA	107	(264)	2,738	8,406	21,709	17,132
Interest expense	(8)	(161)	(125)	(286)	(570)	(371)
Depreciation	(225)	(225)	(313)	(403)	(421)	(353)
Amortisation	(1,381)	(1,381)	(1,381)	(1,381)	(1,381)	(921)
Exceptional items	-	-	-	-	-	-
Share of profit and associated companies	-	-	-	-	-	-
Profit/(Loss) before taxation	(1,507)	(2,031)	919	6,336	19,337	15,487
Taxation	-	(80)	(580)	(2,307)	(5,839)	(4,652)
Profit after taxation	(1,507)	(2,111)	339	4,029	13,498	10,835
Extraordinary items	-	-	-	-	-	-
Profit after taxation and extraordinary items	(1,507)	(2,111)	339	4,029	13,498	10,835
	=====	=====	=====	=====	=====	=====
No. of ordinary shares in issue ('000)	113,000	113,000	113,000	113,000	113,000	113,000
Gross EPS (RM)	(0.013)	(0.018)	0.008	0.056	0.171	0.137
Net EPS (RM)	(0.013)	(0.019)	0.003	0.036	0.119	0.096

Notes:

The proforma income statements illustrated above are prepared based on the following assumptions:

1. The Group incurred additional administrative expenses of RM30,000 per annum with a 10% increase every year.
2. Goodwill on acquisition of LDCSB will be amortised over 20 years on a straight-line basis.

11. ACCOUNTANTS' REPORT (Cont'd)**3.2 Historical income statements of LDCSB**

We set out below the results of LDCSB for the past five financial years ended 31 December 1998 to 2002 and eight months period ended 31 August 2003. The financial results of LDCSB have been prepared based on the audited income statements after making such reclassifications to conform with the presentation adopted in the latest financial statements as we considered appropriate for the relevant financial years as follows:

	<-----Year ended 31 December----->					Period ended
	1998	1999	2000	2001	2002	31.08.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	503	-	15,520	26,525	109,214	75,682
Gross profit	283	-	3,084	9,260	22,121	18,434
EBIDTA before R&D	137	(231)	2,774	8,446	21,753	17,164
R&D expenses	-	-	-	-	-	-
EBIDTA	137	(231)	2,774	8,446	21,753	17,164
Interest expense	(8)	(161)	(125)	(286)	(570)	(371)
Depreciation	(225)	(225)	(313)	(403)	(421)	(353)
Amortisation	-	-	-	-	-	-
Exceptional items	-	-	-	-	-	-
Share of profit and associated companies	-	-	-	-	-	-
Profit/(Loss) before taxation	(96)	(617)	2,336	7,757	20,762	16,440
Taxation	-	(80)	(580)	(2,307)	(5,839)	(4,652)
Profit after taxation	(96)	(697)	1,756	5,450	14,923	11,788
Extraordinary items	-	-	-	-	-	-
Profit after taxation and extraordinary items	(96)	(697)	1,756	5,450	14,923	11,788
No. of ordinary shares in issue ('000)	500	1,000	1,000	3,000	10,000	13,500
Gross EPS (RM)	(0.192)	(0.987) [^]	2.336	3.003 [#]	2.205 [@]	1.628 ⁺
Net EPS (RM)	(0.192)	(1.115) [^]	1.756	2.110 [#]	1.585 [@]	1.167 ⁺

[^] based on weighted average number of shares of 0.625 million

[#] based on weighted average number of shares of 2.583 million

[@] based on weighted average number of shares of 9.417 million

⁺ based on weighted average number of shares of 10.101 million

The above results have been adjusted to reflect the classifications and adjustments as adopted in the latest audited financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)**3.2.1 Commentaries for the historical income statements of LDCSB**

Revenue for the year ended 31 December 1998 was contributed by the Taman Meru Utama project.

There was no new contracts secured during the year ended 31 December 1999 and hence no revenue was recognised. The Company incurred administration and other operating expenses, mainly in respect of bad debts written off of approximately RM251,000 and depreciation of property, plant and equipment of approximately RM225,000. This has resulted in higher loss in 1999 as compared to the previous year.

Revenue for the year ended 31 December 2000 was contributed by civil engineering works on Taman Dato' Bandar, Taman Andalas Permai and Pangsapuri Puteri projects. LDCSB secured a number of new projects during the year. These projects were awarded by affiliated parties, Lebar Daun Properties Sdn. Bhd. ("LDPSB") and Basco Sdn. Bhd. ("Basco"). There was a significant increase in administration and other operating expenses during the year, in line with the increase in activities. These costs mainly consisted of staff cost and depreciation of property, plant and equipment which contributed 33% and 30% of total cost respectively.

Revenue for the year ended 31 December 2001 continued to be contributed by civil engineering works on Taman Dato' Bandar, Taman Andalas Permai, Pangsapuri Puteri and Taman Ratna Sari. The gross profit margin of LDCSB increased from 20% in 2000 to 35% in 2001 due to variation orders on Taman Dato' Bandar and Taman Andalas Permai projects as the developer changed its initial construction plan. In addition, LDCSB had also undertaken the construction work itself by engaging direct labour subcontractor and direct procurement of materials from suppliers. This had led to higher overall gross profit margin in 2001. Administrative and operating expenses remained consistent with 2000, other than an increase in staff cost due to recruitment of additional staff to cope with the expansion of the Company's operations. An increase in financing cost was mainly due to the additional borrowings in the form of bankers acceptance, higher overdraft being utilised and new hire purchase arrangements to acquire property, plant and equipment.

LDCSB secured several major contracts during the financial year ended 31 December 2002 which mainly included civil engineering works for Bukit Bandaraya Shah Alam ("BBSA"), Universiti Industri Selangor ("UNISEL") projects and mixed development project in Puchong. Revenue was mainly generated from BBSA and UNISEL projects which contributed 29% and 40% respectively of total revenue for 2002. Increase in interest expenses by two folds compared to 2001 was due to higher charges incurred on borrowings and new hire purchase arrangements to acquire property, plant and equipment.

Revenue during the period ended 31 August 2003 was mainly contributed by BBSA and UNISEL projects totalling RM16.1 million and RM42.3 million respectively. There was no significant increase in the administrative and operating expenses incurred by LDCSB other than an increase in staff cost due to additional staff recruited.

11. ACCOUNTANTS' REPORT (Cont'd)**4 Summarised balance sheets**

The balance sheets of LDCSB are as follows:

	<-----Year ended 31 December----->					Audited as at
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	31.8.2003 RM'000
Non-current assets						
Property, plant and equipment	2,779	2,556	2,997	3,170	6,678	2,452
Current assets						
Trade and other receivables	268	23	3,488	8,004	72,142	79,538
Due from contract customer	-	-	1,738	1,781	1,631	4,421
Due from Directors	2,506	2,863	20	3,325	8,033	-
Due from affiliated companies	262	-	205	2,456	-	-
Fixed deposits	-	-	-	-	20,385	35,219
Cash and bank balances	4	22	34	2,675	11,153	4,378
	<u>3,040</u>	<u>2,908</u>	<u>5,485</u>	<u>18,241</u>	<u>113,344</u>	<u>123,556</u>
Current liabilities						
Trade and other payables	93	30	2,484	4,093	76,686	58,456
Due to contract customer	-	-	776	1,128	1,053	2,826
Due to affiliated companies	3,392	3,353	215	245	20	-
Taxation	24	104	653	2,868	8,290	10,837
Borrowings	1,782	1,646	2,013	3,261	1,838	6,569
	<u>5,291</u>	<u>5,133</u>	<u>6,141</u>	<u>11,595</u>	<u>87,887</u>	<u>78,688</u>
Net current assets/ (liabilities)	<u>(2,251)</u>	<u>(2,225)</u>	<u>(656)</u>	<u>6,646</u>	<u>25,457</u>	<u>44,868</u>
	<u>528</u>	<u>331</u>	<u>2,341</u>	<u>9,816</u>	<u>32,135</u>	<u>47,320</u>
Financed by:						
Share capital	500	1,000	1,000	3,000	10,000	13,500
Reserves	28	(669)	1,146	6,596	21,519	33,307
Shareholders' equity	<u>528</u>	<u>331</u>	<u>2,146</u>	<u>9,596</u>	<u>31,519</u>	<u>46,807</u>
Borrowings	-	-	195	220	616	456
Deferred taxation	-	-	-	-	-	57
	<u>528</u>	<u>331</u>	<u>2,341</u>	<u>9,816</u>	<u>32,135</u>	<u>47,320</u>

The above balance sheets have been adjusted to reflect the classifications as adopted in the latest audited financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)**5 Cash flow statement for the period ended 31 August 2003**

The cash flow statement of LDCSB is as follows:

	RM'000
Cash flows from operating activities	
Cash receipts from customers	73,258
Cash payments to suppliers	(76,154)
Cash payments to employees and for administrative expenses	(3,088)
	<hr/>
Cash used in operations	(5,984)
Fixed deposit for securing the project	(4,459)
Interest received	414
Rental received	77
Tax paid	(2,048)
Interest paid	(371)
	<hr/>
Net cash used in operating activities	(12,371)
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Cash flows from investing activities	
Acquisition of property, plant and equipment	(640)
Proceeds from disposal of property, plant and equipment	810
Repayment from Directors	8,033
	<hr/>
Net cash generated from investing activities	8,203
	<hr style="border-top: 1px dashed black;"/>
Cash flows from financing activities	
Proceeds from issuance of shares	3,500
Repayment of advances from affiliated companies	(20)
Repayment of hire purchase liabilities	(479)
Proceeds from bank borrowing	2,843
	<hr/>
Net cash generated from financing activities	5,844
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Net increase in cash and cash equivalents	1,676
Cash and cash equivalents at beginning of the period	18,471
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Cash and cash equivalents at end of the period	20,147
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11. ACCOUNTANTS' REPORT (Cont'd)

**5 Cash flow statement for the period ended 31 August 2003
(continued)**

Cash and cash equivalents included in the cash flow statement comprise the following:

	RM'000
Deposits with licensed banks	35,219
Cash in hand and at banks	4,378
	<hr/>
	39,597
Less: Fixed deposits pledged	(17,526)
Bank overdraft	(1,924)
	<hr/>
	20,147
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11. ACCOUNTANTS' REPORT (Cont'd)



6 Proforma Statement of Assets and Liabilities of LDB Group

The following is a proforma statement of assets and liabilities of LDB Group, which have been prepared for illustrative purposes only, is based on the audited financial statements of LDB and LDCSB as at 31 August 2003. The proforma statement of assets and liabilities of the LDB Group have been prepared on the assumption that LDB Group had existed on 31 August 2003 and should be read in conjunction with the notes thereon.

		<i>Audited LDB RM'000</i>	<i>Proforma after acquisition of LDCSB and HACB RM'000</i>
Property, plant and equipment	Note 6.1.2	-	2,452
Goodwill		-	27,693
Current assets			
Trade and other receivables	6.1.3	-	79,538
Due from contract customers	6.1.4	-	4,421
Cash and bank balances	6.1.5	*	39,597
		*	123,556
Current liabilities			
Trade and other payables	6.1.6	14	58,470
Due to contract customers	6.1.4	-	2,826
Borrowings	6.1.7	-	6,569
Taxation		-	10,837
		14	78,702
Net current (liabilities)/assets		(14)	44,854
		(14)	74,999
Financed by :-			
Share capital	6.1.8	*	56,742
ICULS-equity		-	17,081
Accumulated losses		(14)	(256)
Shareholders' funds		(14)	73,567
ICULS-liability		-	919
Borrowings	6.1.7	-	456
Deferred taxation		-	57
		(14)	74,999

* Represents RM2

11. ACCOUNTANTS' REPORT (Cont'd)**6.1 Notes to the statement of assets and liabilities****6.1.1 Significant accounting policies****6.1.1.1 Basis of accounting**

The financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and in applicable approved accounting standards in Malaysia.

6.1.1.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is provided on a straight line basis calculated to write off the cost of each asset to their residual value over the estimated useful life at the following annual rates:

Building	2%
Motor vehicles	20%
Office equipment	10% - 40%
Plant and machinery	10%
Renovation, furniture and fittings	10%

6.1.1.3 Impairment

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

6.1.1.4 Trade and other receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

11. ACCOUNTANTS' REPORT (Cont'd)



6.1.1.5 Due from/(to) customers on contracts

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the balance sheet date. When costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customers on contracts. When progress billings exceed cost incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts.

6.1.1.6 Revenue recognition

Revenue from construction projects is recognised on the percentage of completion method based on surveys of work performed in cases where the outcome of the contract can be reliably estimated. In cases where the outcome of the contract cannot be reliably estimated, the revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable. In all cases, anticipated losses are provided for in full.

6.1.1.7 Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and deposits at call.

6.1.1.8 Affiliated companies

Affiliated companies are companies which have common directors with LDB Group and/or which certain directors of LDB Group have interest.

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11. ACCOUNTANTS' REPORT (Cont'd)**6.1.2 Property, plant and equipment**

<i>Proforma Group</i>	<i>At</i>		<i>Disposals</i>	<i>At</i>	
	<i>1.1.2003</i>	<i>Additions</i>		<i>31.08.2003</i>	
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	
<i>Cost</i>					
Freehold land and buildings	5,637	-	(4,887)	750	
Motor vehicles	2,325	523	-	2,848	
Office equipment	243	70	-	313	
Plant and machinery	221	242	-	463	
Renovation	49	-	-	49	
Furniture and fittings	112	35	-	147	
Telecommunication equipment	-	24	-	24	
	<u>8,587</u>	<u>894</u>	<u>(4,887)</u>	<u>4,594</u>	

Accumulated depreciation

Freehold land and buildings	292	10	(202)	100
Motor vehicles	1,298	286	-	1,584
Office equipment	145	57	-	202
Plant and machinery	47	67	-	114
Renovation	41	3	-	44
Furniture and fittings	86	10	-	96
Telecommunication equipment	-	2	-	2
	<u>1,909</u>	<u>435</u>	<u>(202)</u>	<u>2,142</u>

Net book value

	<i>At</i>
	<i>31.08.2003</i>
	<i>RM'000</i>
Freehold land and buildings	650
Motor vehicles	1,264
Office equipment	111
Plant and machinery	349
Renovation	5
Furniture and fittings	51
Telecommunication equipment	22
	<u>2,452</u>

The land and buildings with the carrying value of RM650,000 was pledged to a licensed bank to secure banking facilities granted to the subsidiary company, LDCSB as disclosed in Note 6.1.7.

11. ACCOUNTANTS' REPORT (Cont'd)**6.1.3 Trade and other receivables**

	<i>Proforma Group 31.08.2003 RM'000</i>
Trade receivables**	54,789
Retention sums	17,641
	<u>72,430</u>
Other debtors, deposits and prepayments	7,108
	<u>79,538</u>
**net of RM20,000 allowance for doubtful debts	

Included in trade receivables are amount due from companies which a director of LDB has interest amounting to RM24,690,000. Included in other debtors, deposits and prepayments is amount due from company which a director of LDB has interest amounting to RM128,000.

6.1.4 Amount due from/(to) contract customers

	<i>Proforma Group 31.08.2003 RM'000</i>
Cost incurred to date	175,572
Attributable profit	52,988
	<u>228,560</u>
Less: Progress billings	(226,965)
	<u>1,595</u>
Amount due from customers	4,421
Amount due to customers	(2,826)
	<u>1,595</u>

6.1.5 Cash and bank balances

	<i>Proforma Group 31.08.2003 RM'000</i>
Cash and bank balances	4,378
Deposits with licensed banks	35,219
	<u>39,597</u>

Deposits of RM17,526,000 are pledged to bank as a security of project financing.

11. ACCOUNTANTS' REPORT (Cont'd)**6.1.6 Trade and other payables**

	<i>Proforma Group 31.08.2003 RM'000</i>
Trade creditors	31,162
Other creditors and accruals	27,308
	<u>58,470</u>

6.1.7 Borrowings

	<i>Proforma Group 31.08.2003 RM'000</i>
Current:	
Revolving credit – secured	2,216
Bank overdraft – secured	1,924
Bankers acceptance – secured	1,840
Finance lease liabilities	589
	<u>6,569</u>
Non-current:	
Finance lease liabilities	456
	<u>456</u>

Terms and debt repayment schedule

The revolving credit bears interest rate at 0.5% per annum above the bank's Base Lending Rate calculated on daily residual basis. It is repayable by 35 equal monthly instalments of RM111,000. The revolving credit of the Group are secured by way of third party first legal charge over properties owned by affiliated company and personal guarantee by a Director.

The bank overdraft bears interest rates ranging from 1.75% to 2% per annum above the bank's Base Lending Rate on monthly residual basis. It is secured and guaranteed by the followings:

- a. registered charge of RM4,500,000 over properties owned by LDCSB;
- b. registered charge of RM2,500,000 over properties owned by LDCSB. However, the said properties was disposed off during the period and subsequently will be replaced by fixed deposit of RM954,000;
- c. third party first legal charge of RM4,500,000 over properties owned by a Director of LDCSB; and
- d. personal guarantee of RM6,500,000 by a Director of LDCSB.

11. ACCOUNTANTS' REPORT (Cont'd)**6.1.7 Borrowings (continued)**

The bankers acceptance bears interest rate at 2% per annum above the bank's Base Lending Rate. It is secured and guaranteed by the followings:

- a. registered charge of RM2,400,000 over properties owned by LDCSB;
- b. registered charge of RM400,000 over properties owned by LDCSB. However, the said properties was disposed off during the period and subsequently will be replaced by fixed deposit of RM954,000; and
- c. personal guarantee of RM2,400,000 by a Director of LDCSB.

Finance lease liabilities are payable as follows :

	<i>Proforma Group</i> <i>31.08. 2003</i>		
	<i>Payments</i> <i>RM'000</i>	<i>Interest</i> <i>RM'000</i>	<i>Principal</i> <i>RM'000</i>
Less than 1 year	651	62	589
Between 1 to 5 years	522	66	456
	<u>1,173</u>	<u>128</u>	<u>1,045</u>

6.1.8 Share capital

	<i>Proforma Group</i> <i>31.08.2003</i> <i>RM'000</i>
<i>Ordinary shares of RM0.50 each:</i>	
Authorised	<u>250,000</u>
Issued and fully paid	<u>56,742</u>

6.1.9 Capital commitment

	<i>Proforma Group</i> <i>31.08.2003</i> <i>RM'000</i>
<i>Property, plant and equipment</i>	
Authorised and contracted for	<u>3,500</u>

11. ACCOUNTANTS' REPORT (Cont'd)**6.1.10 Contingent liability**

	<i>Proforma Group 31.08.2003 RM'000</i>
Performance guarantees given to third parties which is secured by (RM17,526,000) fixed deposit	42,843
Performance guarantees given to third parties which is by legal charges over properties owned by LDCSB and shareholders, and personal guarantee by a Director	674
	<u>43,517</u>

6.1.11 Proforma Net tangible Assets Cover

Based on the proforma statements of assets and liabilities of the LDB Group as at 31 August 2003, the net tangible assets cover per ordinary share after acquisition of LDCSB and HACB is calculated as follows:

Proforma net tangible assets as at 31 August 2003 (RM'000)	<u>45,874</u>
Number of ordinary shares of RM0.50 each in issue ('000)	<u>113,484</u>
Proforma net tangible assets per ordinary share (RM)	<u>0.404</u>

6.1.12 Audited financial statements

No audited financial statements of LDB and LDCSB have been made up in respect of any period subsequent to 31 August 2003.

11. ACCOUNTANTS' REPORT (Cont'd)



7 Subsequent events

There were no significant events occurring subsequent to the date of the statement of assets and liabilities that have a material effect on the financial statements of LDB Group as of 31 August 2003.

Yours faithfully

A handwritten signature in black ink, appearing to be 'KPMG'.

KPMG
Firm Number: AF 0758
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Abdullah Abu Samah'.

Abdullah Abu Samah
Approval No. 2013/06/04
Partner

12. VALUATION CERTIFICATE*(Prepared for inclusion in the Prospectus)***COLLIERS**
JORDAN LEE & JAAFAR

Our Reference : V202/KLG/SC180795/L038

30 JAN 2004Board of Directors
Lebar Daun Berhad
No. 2, Jalan Tengku Ampuan Zabedah J 9/J
Section 9, 40000 Shah Alam
SELANGOR DARUL EHSAN**COLLIERS, JORDAN LEE
& JAAFAR (S) SDN. BHD.**
(128318-M)No. 31, Jalan Kapar,
41400 Klang,
Selangor Darul Ehsan.
Tel No. : 03-33420860 (3 Lines)
Fax : 03-33417888
E-mail : cjlisel@tm.net.my
Website : www.colliers-malaysia.com

Dear Sirs,

VALUATION OF PROPERTIES BELONGING TO LEBAR DAUN BERHAD

This Certificate has been prepared for inclusion in the Prospectus of Lebar Daun Berhad to be dated 10 Feb 04 issued in connection with the proposed corporate exercise of Lebar Daun Berhad which involve:

- i). Public Issue of 5,000,000 new ordinary shares of RM0.50 each comprising of: -
- 5,000,000 new ordinary shares of RM0.50 each available for application by the eligible directors, employees and business associates of Lebar Daun Berhad and its subsidiaries;
- iii) Offer for sale of 19,000,000 ordinary shares of RM0.50 each consisting of:-
- 5,000,000 ordinary shares of RM0.50 each available for application by the Malaysian Public; and
 - 14,000,000 ordinary shares of RM0.50 each available for placement to selected investors;

At an issue/offer price of RM1.20 per ordinary share payable in full on application pursuant to its listing on the Second Board of the Malaysia Securities Exchange Berhad; and

- iii) Offer for sale of RM100,000 nominal value of 3-years 2% irredeemable convertible unsecured loan stocks 2004/2007 at 100% of the nominal value of RM1.00 each payable in full on application.

We were instructed by Lebar Daun Construction Sdn Bhd to value the properties mentioned below and are pleased to certify that we have valued the legal interest of the properties, free from all encumbrances and with vacant possession on September 26, 2002, for the purpose of Submission to the Securities Commission.

International Property Consultants • Chartered Valuation Surveyors • Registered Valuers & Real Estate Agents •
Project & Property Managers • Plant & Machinery Valuers • Auctioneers

Executive Chairman JORDAN LEE, KMN, Fism, Frics, Aeps, Inv, Mscr, Sov. Executive Director LIM CHANG MEE, Fism, Frics, BA (Hons), B.Sc. (Hons), Director P. TANGGA PERAGASAM, Fism, Frics.

JAAFAR ISMAIL, Fism, Frics. CHIN LAI SITT, Fism, Frics, Inv, LLB(Hons). THOO SING CHOON, Frics, Inv, Aci.Arb, Fpsc. THNG KIM KOK, Mism, Frics.

Headquarters: Kuala Lumpur: Level 6, Block G North, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. Tel: 03-20955811 (12 lines) Fax No: 03-20955843

Other Offices: N. Sembilan: 9A, Komplek Negeri, Jalan Dr. Krishnan, 70000 Seremban, Negeri Sembilan Darul Khusus, Malaysia. Tel: 06-7638890 & 7638990 Fax No: 06-7637936
 Perak : Suite 3 & 5, Tingkat Kedua, Labrooy House, Jalan Dato Sagor, 30000 Ipoh, Perak Darul Ridzuan. Tel: 05-2414826 (3 Lines) Fax No: 05-2566363
 Johor : Suite 326, 3rd Floor, PanGlobal Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Takzim. Tel: 07-2232299 Fax: 07-2245899
 Pahang : 17, Jalan Gambut 2, 25000 Kuantan, Pahang Darul Makmur. Tel: 09-5555588 Fax No: 09-5142148
 Melaka : No. 668 & 669A, Taman Melaka Raya, 75000 Melaka. Tel: 06-2835522 (3 Lines) Fax No: 06-2837636 & 2846972
 Penang : Lot 2.01, 2nd Floor, Southern Bank Building, 21, Lebuh Pantai, 10300 Pulau Pinang. Tel: 04-2637749 & 2637750 Fax No: 04-2637644
 Kuching : Lot 216 (2/F), Jalan Haji Taha, 93400 Kuching, Sarawak. Tel: 082-419200 & 419222 Fax No: 082-429315

Other Colliers Offices: Argentina, Australia, Austria, Azerbaijan, Belgium, Brazil, Bulgaria, Canada, Chile, China, Colombia, Czech Republic, Denmark, France, Germany, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Kazakhstan, Korea, Mexico, New Zealand, Norway, Philippines, Poland, Portugal, Romania, Russian Federation, Singapore, Slovakia, South Africa, Spain, Sweden, Switzerland, Taiwan, The Netherlands, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States of America, Venezuela and Yugoslavia.

12. VALUATION CERTIFICATE (Cont'd)

COLLIERS
JORDAN LEE & JAAFAR

The valuation report dated September 26, 2002 has been prepared based on the Guidelines on Asset Valuations issued by the Securities Commission and professional standards prescribed by the Board of Valuers, Appraisers and Estate Agents. The basis of valuation for the purpose of the valuation report is the MARKET VALUE which is defined in the MALAYSIAN VALUATION STANDARDS: STANDARD 1 – Market Value Basis of Valuation.

We certify that in our opinion the market value of the properties, using the valuation methods stated in Appendix I amounts to **RM3,500,000/- (RINGGIT MALAYSIA : THREE MILLION AND FIVE HUNDRED THOUSAND ONLY).**

Yours faithfully,
For and on behalf of
COLLIERS
JORDAN LEE & JAAFAR (S) SDN. BHD.



[Handwritten signature]
CHOO SOOK EEN, FISM, MRICS
Chartered Valuation Surveyor
and Registered Valuer (V206)

12. VALUATION CERTIFICATE (Cont'd)

COLLIERS
JORDAN LEE & JAAFAR

Appendix I

We have valued the Properties listed below, free from all the encumbrances and with vacant possession, using the relevant methods of valuation and are of the opinion that the market value of the Properties are as follows:-

Ref. No.	Properties Identification	General Description of Properties	Market Value
V202/KLG/ SC180795/ L038	<p>Title Particulars</p> <ul style="list-style-type: none"> - Title Nos. H.S.(D) 151324 & 151325, P.T. Nos. 896 & 897, Town of Shah Alam, District of Petaling, State of Selangor Darul Ehsan - Tenure : leasehold interest for 99 years expiring on December 20, 2100. - Category of Landuse : Bangunan - Registered Proprietor : Perbadanan Kemajuan Negeri Selangor. <p>Address and Location</p> <ul style="list-style-type: none"> - They bear addresses Nos. 2 (P.T.No. 896) & 4 (P.T.No. 897), Jalan Tengku Ampuan Zabedah J 9/J, Section 9, Shah Alam, Selangor Darul Ehsan. They are located about 13 kilometres east and 24 kilometres west of Klang Town Centre and Kuala Lumpur City Centre respectively. 	<p>Description of the Land and Buildings</p> <ul style="list-style-type: none"> - Land : P.T. No. 896 is a corner terrace shoplot which resembles the shape of a rectangle with a chipped off corner and contains a provisional land area of 254 square metres (2,734 square feet). P.T. No. 897 is a rectangularly shaped intermediate terrace shoplot and contains a provisional land area of 153 square metres (1,650 square feet). Both of the lands are flat and lies about level with the frontage road. - Buildings - <u>P.T. No. 896</u> - A corner 3 ½ storey shop/office. - Constructed of reinforced concrete framework and concrete floors and pitch roof covered with spandex sheets. It measures approximately 871.04 square metres (9,376 square feet) for main building and 63.92 square metres (688 square feet) for out building. - <u>P.T. No. 897</u> - An intermediate 3 ½ storey shop/office. - Constructed of reinforced concrete framework and concrete floors and pitch roof covered with spandex sheets. It measures approximately 584.52 square metres (6,292 square feet) for main building and 14.31 square metres (154 square feet) for out building. - Age of Buildings : About 2 years as at the date of Valuation. <p>Description of the Existing Use</p> <ul style="list-style-type: none"> - They are presently occupied by Kumpulan Lebar Daun and use as administration office. <p>Planning Details</p> <ul style="list-style-type: none"> - The properties are situated within an area approved and allocated for commercial use. - The Certificate of Fitness for Occupation for the properties has been issued by Majlis Bandaraya Shah Alam.. - The extended area of P.T.No. 896 has been approved by Majlis Bandaraya Shah Alam while the extended area of P.T.No. 897 has yet to be approved . 	<ul style="list-style-type: none"> - Date of Valuation : September 26, 2002. - Method of Valuation : Comparison and Investment Method. - Source of Information : Title deed, Sale and Purchase Agreements, Summary of Bill of Quantities, Approved Building Plans . - Market Value : Leasehold interest in P.T. Nos 896 and 897, Town of Shah Alam, District of Petaling, State of Selangor Darul Ehsan, together with the buildings thereon on the basis that the building extension for P.T. No. 897 will be approved by the relevant authority, in their existing condition, free from all encumbrances and with vacant possession is RM3,500,000/-- (RINGGIT MALAYSIA : THREE MILLION AND FIVE HUNDRED THOUSAND ONLY).

13. DIRECTORS' REPORT

(Prepared for inclusion in the Prospectus)



LEBAR DAUN BERHAD (590545-H)
(Formerly known as ANGKASA GANDA BERHAD)

Date : **30 JAN 2004**

The Shareholders of
Lebar Daun Berhad
No. 2, Jalan Tengku Ampuan Zabedah J 9/J,
Seksyen 9,
40000 Shah Alam,
Selangor Darul Ehsan

Dear Sir/Madam,

On behalf of the Board of Directors of Lebar Daun Berhad, I wish to report after due enquiry that between the period from 31 August 2003 (being the date to which the last audited accounts of the Company and its subsidiaries ("**Group**") has been made up) to the date hereof (being a date not earlier than 14 days before the issuance of this Prospectus), that: -

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since to the last audited accounts of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section 10.4(iii) of this Prospectus, no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Company or any of its subsidiary or associated companies;
- (e) in the opinion of the Directors, since the last audited accounts of the Group, they are not aware of, any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings; and
- (f) save as disclosed in the "Proforma Consolidated Balance Sheets" and the "Accountants' Report" of this Prospectus, there have been no changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited accounts of the Group.

Yours faithfully,
For and on behalf of the Board of Directors
LEBAR DAUN BERHAD

NORAZMI BIN MOHAMED NURDIN
Chairman/Managing Director