

**10. FINANCIAL INFORMATION****10.1 HISTORICAL FINANCIAL INFORMATION**

The following table sets out a summary of the proforma consolidated income statements of LDB Group for the past five (5) financial years ended 31 December 1998 to 2002 and the eight (8) months financial period ended 31 August 2003 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.

Financial year ended 31 December						For the eight (8) months ended
	1998 (RM'000)	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	31.08.03 (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 profits of associated companies	-	-	-	-	-	-
PBT	(1,507)	(2,031)	919	6,336	19,337	15,487
Taxation	-	(80)	(580)	(2,307)	(5,839)	(4,652)
PAT	(1,507)	(2,111)	339	4,029	13,498	10,835
Extraordinary items	-	-	-	-	-	-
MI	-	-	-	-	-	-
PAT after MI	(1,507)	(2,111)	339	4,029	13,498	10,835
No. of ordinary shares assumed 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.

The financial statements of LDB Group for the years under review were not subjected to any audit qualification.

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**10. FINANCIAL INFORMATION (Cont'd)**

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**10.2 ANALYSIS OF HISTORICAL FINANCIAL INFORMATION****10.2.1 OVERVIEW OF REVENUE AND OPERATING PROFIT**

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. LDCSB 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 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 LDCSB'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.

**10.2.2 IMPACT OF FOREIGN EXCHANGE / INTEREST RATES ON OPERATING PROFITS**

There is no impact from foreign exchange or interest rates for the periods under review.

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**10. FINANCIAL INFORMATION (Cont'd)**

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**10.2.3 TAXATION**

There was no tax expense for the year ended 31 December 1998 as LDCSB was in a tax loss position.

Even though the company was in a tax loss position, there was tax liability of RM80,214 due to under-provision of tax in prior years. As at 31 December 1999, LDCSB had unutilised tax losses and unabsorbed capital allowance of RM198,300 and RM35,600 each.

For the year ended 31 December 2000, effective tax rate was lower than the statutory tax rate due to utilisation of unabsorbed capital allowances and unutilised tax losses.

For the year ended 31 December 2001, the effective tax rate was higher than the statutory tax rate as certain expenses were not deductible for tax purposes.

For the year ended 31 December 2002, the effective tax rate was higher than the statutory tax rate as certain expenses were not deductible for tax purposes.

**10.2.4 EXCEPTIONAL AND EXTRAORDINARY ITEMS**

There is no extraordinary and exceptional item for the periods under review.

**10.3 FINANCIAL PERFORMANCE, POSITION AND OPERATIONS**

Save as disclosed in Sections 1.10, 10.2 and 10.4 of this Prospectus, the Directors are of the view that the financial performance, position and operations of the Group are not affected by any of the following: -

- (i) Any known trends, demands, commitments, events or uncertainties that have had, or that the corporation reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the corporation/group;
- (ii) Any material capital expenditure commitments, the purpose of such commitments and the anticipated source of funds;
- (iii) Any unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the corporation/group; and the extent to which the financial performance, position and operations of the corporation/Group was so affected; and
- (iv) Any known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

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**10. FINANCIAL INFORMATION (Cont'd)****10.4 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENT AND LITIGATION****(i) Working Capital**

The Directors of LDB are of the opinion that, after taking into account the cashflow forecast and projections, the banking facilities available and the net proceeds from the Public Offering, the Group will have adequate working capital for a period not less than twelve (12) months from the date of issue of this Prospectus.

**(ii) Borrowings**

As disclosed below, as at 31 December 2003 (being the latest practicable date prior to the printing of this Prospectus), the total bank borrowings in the form of revolving credit, bank overdraft, banker's acceptance and hire purchase financing amounted to approximately RM7.0 million. The borrowings can be analysed further as follows: -

<b>Borrowings</b>	<b>Amount (RM '000)</b>
Long Term borrowings	
• Interest bearing	1,689
• Non-interest bearing	-
Short Term borrowings	
• Interest bearing	5,319
• Non-interest bearing	-
<b>Total Borrowings</b>	<b>7,008</b>

The Group has no foreign currency borrowings.

**(iii) Contingent Liabilities**

Save as disclosed below, as at 31 December 2003 (being the latest practicable date prior to the printing of this Prospectus), there are no material contingent liabilities incurred by the Group: -

<b>Contingent Liabilities</b>	<b>Amount (RM'000)</b>
Performance guarantees given to third parties which is secured by fixed deposits	51,804
Performance guarantees given to third parties which is secured by legal charges on the Group's landed properties and personal guarantees of a Director of the Group	621
<b>Total</b>	<b>52,425</b>

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**10. FINANCIAL INFORMATION (Cont'd)**

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**(iv) Capital Commitment**

As at 31 December 2003, (being the latest practicable date prior to the printing of Prospectus) the Group does not have any material capital commitments.

**(v) Material Litigation/Arbitration**

Neither the Company nor its subsidiary corporations are engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of LDB or its subsidiary corporations and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of LDB or its subsidiary corporations.

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**10. FINANCIAL INFORMATION (Cont'd)****10.5 PROFORMA CONSOLIDATED PROFIT ESTIMATE AND FORECAST AND ASSUMPTIONS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003 AND FINANCIAL YEAR ENDING 31 DECEMBER 2004**  
(Prepared for inclusion in the Prospectus)

<b>Financial Year Ended/Ending 31 December</b>	<b>Estimate 2003 (RM'000)</b>	<b>Forecast 2004 (RM'000)</b>
Revenue	157,096	294,570
Consolidated PBT	30,233	29,205
Taxation	(8,621)	(8,877)
Consolidated PAT	21,612	20,328
MI	-	-
Consolidated PAT after MI	21,612	20,328
Enlarged issued share capital ('000)	118,484	118,484
Gross EPS (sen)	25.5	24.6
Net EPS (sen)	18.2	17.2
Gross PE Multiple (times) *	4.7	4.9
Net PE Multiple (times) *	6.6	7.0

Notes: -

\* Based on the Public Offering price of RM1.20 per ordinary share.

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**10. FINANCIAL INFORMATION (Cont'd)**

**10.6 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED PROFIT ESTIMATE AND FORECAST OF THE LDB GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003 AND FINANCIAL YEAR ENDING 31 DECEMBER 2004  
(Prepared for inclusion in the Prospectus)**



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The Board of Directors  
Lebar Daun Berhad  
Wisma Lebar Daun  
No. 2, Jalan Tengku Ampuan Zabedah J9/J  
Section 9  
40000 Shah Alam  
Selangor

30 January 2004

Dear Sirs

**Reporting Accountants' Letter on the consolidated profit estimate and forecast for the financial years ending 31 December 2003 and 2004**

We have reviewed the consolidated profit estimate and forecast of Lebar Daun Berhad ("LDB") (formerly known as Angkasa Ganda Berhad) and its subsidiary, Lebar Daun Construction Sdn. Bhd. ("LDCSB") (herein after referred to as "LDB Group") for the years ending 31 December 2003 and 2004, as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing (ISA 810) applicable to the review of forecasts. The consolidated profit estimate and forecast has been prepared for the purpose of inclusion in the Prospectus of LDB pursuant to the listing of LDB on the Second Board of Malaysia Securities Exchange Berhad and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit estimate and forecast is, in all material respects, properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by LDB and LDCSB in their respective audited financial statements for the period ended 31 August 2003. The Directors of LDB Group are solely responsible for the preparation and presentation of the consolidated profit estimate and forecast and the assumptions on which the consolidated profit estimate and forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which a forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.



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

**10. FINANCIAL INFORMATION (Cont'd)**



Subject to the matter stated in the preceding paragraph:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit estimate and forecast; and
- (ii) in our opinion, the consolidated profit estimate and forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by LDB and LDCSB in their respective audited financial statements for the period ended 31 August 2003.

Yours faithfully

**KPMG**  
Firm No. AF 0758  
Chartered Accountants

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



**10. FINANCIAL INFORMATION (Cont'd)**

Appendix A-1

**Lehar Daun Berhad (590945-H) and its subsidiary****Consolidated profit estimate and forecast for the financial years ending 31 December 2003 and 2004 together with the underlying bases and assumptions**

The Directors of LDB estimate and forecast that the profit of LDCSB ("before proposal") and consolidated profit of LDB Group ("after proposal") for the financial years ending 31 December 2003 and 2004 will be as follows:

	31 December 2003		31 December 2004	
	Before Proposal RM'000	After Proposal RM'000	Before Proposal RM'000	After Proposal* RM'000
Turnover	157,096	157,096	294,570	294,570
Profit before taxation	30,233	30,233	31,704	29,205
Taxation	(8,621)	(8,621)	(8,877)	(8,877)
Profit after taxation	21,612	21,612	22,827	20,328
Number of ordinary shares in issue ('000)	17,000#	17,000#	17,000 #	118,484 ^
Net earnings per share (RM)	1.27	1.27	1.34	0.17

# based on number of ordinary shares in issue for LDCSB

^ based on number of ordinary shares in issue for LDB

\* proforma results presented on full year basis assuming LDB Group existed on 1 January 2004, for illustrative purposes only



**10. FINANCIAL INFORMATION (Cont'd)**

Appendix A-2

**1 Restructuring scheme**

The restructuring scheme will entail, among others, the following:

- 1.1 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.
- 1.2 Arrangement of HACB Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and cancellation of outstanding HACB warrants and Employee Share Option Scheme ("ESOS").
- 1.3 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")
- 1.4 Acquisition of the entire equity interest of Lebar Daun Construction Sdn Bhd ("LDCSB") comprising/will comprise 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 to be satisfied via an issuance of 113.0 million LDB Shares and 18.0 million 2% ICULS with a nominal value of RM1.00 each
- 1.5 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.
- 1.6 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 to be identified at an offer price of RM1.20 per LDB Share; and
  - Placement of up to RM100, 000 nominal value of ICULS at 100% of the nominal value of RM1.00 each by the creditors of HACB.
- 1.7 Settlement of amounts owing by HACB to creditors by undertaking the following proposals:
  - Cash Payment;
  - Transfer of Shares;
  - Transfer of ICULS; and
  - Put and Call Arrangement.



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**10. FINANCIAL INFORMATION (Cont'd)**

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Appendix A-3

**1 Restructuring scheme (continued)**

- 1.8 Transfer of listing status from HACB to LDB on the Second Board of the Malaysia Securities Exchange Berhad ("MSEB").
- 1.9 Disposal of HACB to a Special Purpose Vehicle ("SPV") and subsequently liquidation of HACB and its subsidiaries upon the implementation of the SA Proposal.



**10. FINANCIAL INFORMATION (Cont'd)**

Appendix A-4

**2 Principal bases and assumptions**

The principal bases and assumptions upon which the consolidated profit estimate and forecast for the financial years ending 31 December 2003 and 2004 have been made are as set out below. Unless specifically stated, the principal bases and assumptions are applicable to both of the consolidated profit estimate and forecast "before proposal" and "after proposal".

- 2.1 The project income is recognised based on progress billings which in turn are based on certified percentage of work completed.

Actual costs will be 10% to 20% more than attributable costs recognised for the year and nil at the end of the project. All projects will be completed within the agreed timeframe and no additional cost will be incurred during defect liability period.

All master layout plans for the projects will remain unchanged during the financial years ending from 31 December 2003 to 2004.

- 2.2 The rental income recognised will be as follows: -

Financial years ending	RM'000
2003	114
2004	741

In financial year ending 31 December 2003, it is assumed that some of the units of the shop house will not be fully rented out.

All units will be rented out in financial year ending 31 December 2004

- 2.3 Interest income recognised is based on the interest rate of 3% per annum.
- 2.4 The administration expenses, inclusive of depreciation of property, plant and equipment ("PPE") are projected to increase at a rate of 2% to 4% of turnover per annum.

For the "after proposal", the administration expenses of LDB are assumed at RM340,000 for the financial year ending 2004. Goodwill on acquisition of HACB amounting to approximately RM242,000 will be fully charged against profit. Goodwill on acquisition of LDCSB will be amortised over 20 years on a straight-line basis.

- 2.5 There will be no material changes on the rate of depreciation of PPE.



**10. FINANCIAL INFORMATION (Cont'd)**

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- 2.6 Finance charges will be as follows:-
- Interest on bank borrowings will be at 10% per annum.
  - The interest charge for existing motor vehicles purchase under hire purchase will be based on the respective hire purchase agreements. Motor vehicles acquired under hire purchase in the financial years ending 2003 onwards are assumed to be at 5.5% interest. The hire purchase interest for newly acquired motor vehicles in each financial year will only be accounted for half year as it is assumed the vehicles will only be acquired in the middle of the year.
  - Interest on bank guarantee will remain at 1% per annum.
  - Coupon on ICULS to be issued by LDB (reflected in the "after proposal") will be at 2% of the nominal value per annum.
- 2.7 Income tax is assumed to remain at 28%.
- 2.8 There will be no impairment of assets which may materially affect the consolidated profit estimate and forecast of LDB Group.
- 2.9 There will be no significant changes in the present legislation, government policies and regulations, lending guidelines and other operational regulations or restrictions which will affect the operations of LDB Group or the markets in which it operates.
- 2.10 There will be no significant changes in the prevailing Malaysian and world economic and political conditions that will directly or indirectly affect the activities and performance of LDB Group and the business of LDB Group's major customers and suppliers.
- 2.11 There will be no significant changes in the structure of direct and indirect taxation affecting LDB Group's activities or the market in which it operates. There will be no significant changes in corporate tax rates, rates and bases of duties and levies from current levels.
- 2.12 The inflation rate and exchange rates of foreign currencies will not fluctuate significantly from their current levels and the exchange rate will remain pegged at the current rate of USD1.00 to RM3.80.
- 2.13 There will be no significant changes in the current principal activities, composition and structure of LDB Group.
- 2.14 There will be no significant changes in the operating and accounting policies from those presently adopted by LDB Group.
- 2.15 There will be no changes to the terms and conditions of the licenses granted by the relevant authorities to LDB Group.
- 2.16 There will be no major breakdown or disruptions in the construction activities, industrial disputes, disruption in supplies of construction materials or other abnormal circumstances, both domestic and overseas, which will adversely affect the operations, income and expenditure of LDB Group.



**10. FINANCIAL INFORMATION (Cont'd)**

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- 2.17 There will be no major changes in the senior management and existing key personnel of LDB Group that will affect the marketing capability and level of activities of LDB Group.
- 2.18 All specific and prospective construction projects identified by LDB Group will be secured and the projects will commence and be completed as scheduled. The contract sum, cost of contract and stages of completion will not differ materially from the estimated/forecasted levels.
- 2.19 There will be no delays in planning and obtaining the necessary approvals in respect of the construction works to be undertaken by LDB Group. The progress of the various stages of construction will be as planned.
- 2.20 Capital expenditure programmes will be implemented and incurred as scheduled with no material changes in cost or price. There will be no other material additions to PPE other than those planned.
- 2.21 There will be sufficient skilled and unskilled labour, materials, services, plant and machinery and equipment to meet the operational requirements anticipated to be carried out by LDB Group.
- 2.22 There will be no material increase in wages, construction costs, cost of raw materials and goods purchased, locally or imported, services and other costs that will adversely affect the activities and operations of LDB Group.
- 2.23 Demand for services rendered and the prices currently experienced are not expected to change significantly and the forecasted business volume will be achieved.
- 2.24 LDB Group will not engage in any material litigation and there will be no legal proceedings against LDB Group which will adversely affect the activities or performance of LDB Group or give rise to any contingent liabilities which will materially affect the position or business of LDB Group.
- 2.25 Existing financing facilities will remain available to LDB Group and with no significant changes in their interest rates and LDB Group will be able to secure sufficient financing facilities for working capital and expansion purposes as and when necessary.
- 2.26 There will be no material bad and doubtful receivables arising during the period.



**10. FINANCIAL INFORMATION (Cont'd)****10.7 DIRECTORS' COMMENTS ON THE PROFIT ESTIMATE AND FORECAST**

The Board confirms that the profit estimate and forecast for the years ended 31 December 2003 and for the financial year ending 31 December 2004 of the LDB Group respectively together with the underlying bases and assumptions stated in the estimate and forecast have been reviewed by the Directors after due and careful enquiry, and that the Directors, having taken into account the future prospects of the construction industry, future plans of the LDB Group and its level of gearing, liquidity and working capital requirements, are of the opinion that the profit estimate and forecast are achievable and the assumptions made are reasonable, barring unforeseen circumstances.

With tight cost control measures, the Group is able to increase its profit margin which contribute positively to the Group.

Under the diversification strategy of tendering for external state and federal projects, the Board is confident of securing such projects in the future with the current internal projects acting as a supporting income to the Group.

The Group has formed a team to tender for external projects from state and federal governments. The result was encouraging as for the last two years, the Group managed to secure RM461.8 million projects from the government. The Group will continue its effort to secure more projects in the future but will do so prudently and conservatively to ensure projects' collections are also secured.

In order to mitigate the risk of related party transactions, the Group has also taken steps to establish a Tender Committee comprising of 6 members including an independent member who is a qualified consultant. The Tender Committee acts to review the competitiveness of the tenders received from related companies and to ensure that the business conducted is at arm's length transactions and the terms are consistent with the Group's business practices and policies.

Nevertheless, in the light of the current economic environment in Malaysia and in the Asia Pacific region, certain assumptions, including interest rate, may differ significantly from actual should the economic situation differ significantly from the date of this Prospectus and this may have a material impact on the LDB Group's profit estimate and forecast.

**10.8 DIVIDEND FORECAST**

It will be the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of the Group as well as leaving adequate reserves for the future growth of the Group.

Based on the consolidated profit forecast for the financial year ending 31 December 2004 and assuming that the current basis for calculating taxation and the rates of taxation remain unchanged, the Directors of LDB anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a dividend of 5 sen or 4.17% for the financial year ending 31 December 2004, based on the enlarged issued and paid-up share capital of 118,483,675 ordinary shares of RM0.50 each.

Investors should note that future dividends may not be declared or paid if: -

- (i) LDB Group records a loss instead of the forecast profits; or
- (ii) The payment of the dividends would adversely affect LDB Group's cashflows and operations.

**10. FINANCIAL INFORMATION (Cont'd)**

The intended appropriation of the estimate and forecast consolidated PAT after MI for the financial year ended 31 December 2003 and financial year ending 31 December 2004 would be as follows: -

Financial Year Ended/Ending 31 December	Estimate 2003 (RM'000)	Forecast 2004 (RM'000)
Consolidated PBT	30,233	29,205
Less : Taxation	(8,621)	8,877
Consolidated PAT	21,612	20,328
Less : MI	-	-
Consolidated PAT after MI	21,612	20,328
Less : Interim Dividend	-	-
Less : Proposed Final Dividend	-	5,924
Retained Profits for the year	21,612	14,404
Gross dividend per share (sen)	-	5.00
Gross dividend yield (%) <sup>(Note 1 and 2)</sup>	-	4.17
Gross dividend cover (times)	-	3.43
Net dividend per share (sen)	-	5.00
Net dividend yield (%) <sup>(Note 1 and 2)</sup>	-	3.00
Net dividend cover (times)	-	3.44

Notes: -

- (1) Based on the enlarged share capital of 118,483,675 ordinary shares of RM0.50 each.  
(2) Based on the Public Offering price of RM1.20 per ordinary share.

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**10. FINANCIAL INFORMATION (Cont'd)****10.9 SENSITIVITY ANALYSIS**

The following sensitivity analysis is prepared by the management of the Group and has not been independently verified by the Reporting Accountants. It is based on the forecast assumptions set out in Section 10.5 above and assuming all factors remaining unchanged except for the 5% and 10% upward or downward variations in the turnover and the cost of sales. Notwithstanding the impacts of the variations in the turnover and cost of sales as outlined here, there may exist other factors which have not been taken into account, while variations may have a significant effect, either positively or negatively, on the financials of the Group. The sensitivity analysis is as follows: -

**10.9.1 Variations in Revenue**

Estimate for the financial year ended 31 December 2003

	Revenue (RM'000)	Cost Sales of (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT & After MI (RM'000)	GP Margin %
As Estimate	157,096	124,573	32,523	30,233	21,612	20.7
Up to 10%	172,806	124,573	48,233	45,943	32,923	26.6
Up to 5%	164,951	124,573	40,378	38,088	27,267	23.1
Down 5%	149,241	124,573	24,668	22,378	15,956	15.0
Down 10%	141,386	124,573	16,813	14,523	10,301	10.3

**10.9.2 Variations in Cost of Sales**

Estimate for the financial year ended 31 December 2003

	Revenue (RM'000)	Cost Sales of (RM'000)	Gross Profit (RM'000)	Operating Cost (RM'000)	PBT (RM'000)	PAT & After MI (RM'000)	GP Margin %
As Estimate	157,096	124,573	32,523	2,290	30,233	21,612	20.7
Up to 10%	157,096	137,030	20,066	2,290	17,776	12,643	12.8
Up to 5%	157,096	130,802	26,294	2,290	24,004	17,127	16.7
Down 5%	157,096	118,344	38,752	2,290	36,462	26,096	24.7
Down 10%	157,096	112,116	44,980	2,290	42,690	30,581	28.6

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**10. FINANCIAL INFORMATION (Cont'd)****10.10 PROFORMA CONSOLIDATED BALANCE SHEETS OF LDB GROUP AS AT 31 AUGUST 2003  
(Prepared for inclusion in the Prospectus)**

The Proforma Consolidated Balance Sheets as at 31 August 2003 set out below has been prepared for illustrative purposes only to show the effects on the audited balance sheet of LDB, had the Listing Scheme been effected on that date.

	LDB as at 31.08.03	LDB Proforma after Stage I	LDB Group Proforma after Stage II	LDB Group Proforma after Stage III	LDB Group Proforma after Stage IV
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Property, plant and equipment	-	-	2,452	2,452	2,452
Goodwill on consolidation	-	-	27,693	27,693	27,693
Current assets	*	*	123,556	127,056	127,056
Current liabilities	14	14	(78,702)	(78,702)	(78,702)
Net current (liabilities)/assets	(14)	(14)	44,854	48,354	48,354
	(14)	(14)	74,999	78,499	78,499
<b>FINANCED BY:</b>					
Share capital	*	242	56,742	59,242	68,242
Share premium	-	-	-	1,000	10,000
Reserves	(14)	(256)	(256)	(256)	(256)
LDB ICULS – equity	-	-	17,081	17,081	-
Shareholders' funds	(14)	(14)	73,567	77,067	77,986
LDB ICULS – liability	-	-	919	919	-
Other long term and deferred liabilities	-	-	513	513	513
	(14)	(14)	74,999	78,499	78,499
Net tangible assets per share (RM)	Nil	Nil	0.40	0.42	0.37

Notes: -

\* Represents RM2

**Stage I** Share swap via an exchange of consolidated Hiap Aik Construction Berhad ("HACB") shares for Lebar Daun Berhad ("LDB") shares on the basis of 1 LDB share for every 1 consolidated HACB share. A total of 483,671 LDB shares will be issued and exchanged with 483,671 HACB shares. Thereafter HACB becomes a wholly-owned subsidiary of LDB.

Under the proposed scheme, LDB will dispose the entire issued and paid-up share capital in HACB to a SPV nominated by the Special Administrators of HACB for a nominal consideration of RM1.00. Hence, the carrying value of this investment will be immediately impaired and the investment cost will be charged against retained profit.

**Stage II** After completion of Stage I and upon acquisition of LDCSB by LDB for RM74.5 million. The acquisition will be satisfied by an issuance of 113 million new LDB shares and RM18 million nominal value of LDB 2% Irredeemable Convertible Unsecured Loan Stock ("ICULS") issued at 100% of the nominal value of RM1.00 each, which will ultimately be issued to the creditors' agent

**10. FINANCIAL INFORMATION (Cont'd)**

acting on behalf of HACB's creditors. LDCSB will increase its ordinary shares to 17 million shares of RM1.00 each.

*Stage III* After completion of Stage II and upon public issue of 5 million LDB shares to the public at an issue price of RM1.20 per share.

*Stage IV* After completion of Stage III and upon full conversion of ICULS to share capital.

**10.11 MOVEMENTS IN THE SHARE CAPITAL AND SHARE PREMIUM**

The movements in the share capital and share premium account of the Company are as follows: -

	Share Capital (RM' 000)	Share Premium (RM' 000)	ICULS (RM' 000)
As at 31 August 2003	*	0	0
Share swap of HACB shares for LDB shares	242	0	0
Acquisition of LDCSB for RM74.5 million by issuance of 113 million new shares and RM18 million LDB's ICULS	56,500	0	18,000
Public issue of 5 million shares at RM1.20 per share	2,500	3,500	0
Listing expenses	0	(2,500)	0
Full conversion of ICULS	9,000	9,000	(18,000)
Proforma	68,242	10,000	0

Notes: -

\* Represents RM2

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**10. FINANCIAL INFORMATION (Cont'd)**

**10.12 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2003**

**(Prepared for inclusion in the Prospectus)**



KPMG (Firm No. AF 0758)  
Chartered Accountants  
Wisma KPMG  
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The Board of Directors  
Lebar Daun Berhad  
Wisma Lebar Daun  
No. 2, Jalan Tengku Ampuan Zabedah J9/J  
Section 9  
40000 Shah Alam  
Selangor

30 January 2004

Dear Sirs

**Reporting Accountants' Letter on the proforma consolidated balance sheets at 31 August 2003**

We have reviewed the presentation of the proforma consolidated balance sheets of Lebar Daun Berhad ("LDB") and its subsidiary, Lebar Daun Construction Sdn. Bhd. ("LDCSB") (herein after referred to as "LDB Group"), at 31 August 2003 which have been prepared for illustrative purposes only, for which the Directors of LDCSB are solely responsible, as set out in the accompanying statement, for inclusion in the Prospectus of LDB pursuant to the listing of LDB on the Second Board of Malaysia Securities Exchange Berhad, which we have stamped for the purpose of identification, and should not be relied on for any other purposes.

In our opinion,

- the proforma consolidated balance sheets as set out in the accompanying statement, which have been prepared for illustrative purposes only, have been properly compiled on the basis of preparation stated;
- such basis is consistent with the accounting policies normally adopted by LDB Group; and
- the adjustments are appropriate for the purposes of the proforma consolidated balance sheets.

Yours faithfully

**KPMG**  
Firm No. AF 0758  
Chartered Accountants

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



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



**10. FINANCIAL INFORMATION (Cont'd)**

Appendix A-1

**Lebar Daun Berhad (590945-H) and its subsidiary****Proforma consolidated balance sheets as at 31 August 2003**

The proforma consolidated balance sheets of LDB Group as at 31 August 2003 as set out below 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 balance sheet:

	<b>Audited LDB as at 31 August 2003 RM'000</b>	<b>LDB Proforma after Stage I RM'000</b>	<b>LDB Group Proforma after Stage II RM'000</b>	<b>LDB Group Proforma after Stage III RM'000</b>	<b>LDB Group Proforma after Stage IV RM'000</b>
Property, plant and equipment	-	-	2,452	2,452	2,452
Goodwill on consolidation	-	-	27,693	27,693	27,693
Current assets	*	*	123,556	127,056	127,056
Current liabilities	14	14	(78,702)	(78,702)	(78,702)
Net current (liabilities)/assets	(14)	(14)	44,854	48,354	48,354
	(14)	(14)	74,999	78,499	78,499
<b>FINANCED BY:</b>					
Share capital	*	242	56,742	59,242	68,242
Share premium	-	-	-	1,000	10,000
Reserves	(14)	(256)	(256)	(256)	(256)
ICULS – equity	-	-	17,081	17,081	-
Shareholders' funds	(14)	(14)	73,567	77,067	77,986
ICULS – liability	-	-	919	919	-
Other long term and deferred liabilities	-	-	513	513	513
	(14)	(14)	74,999	78,499	78,499
Net tangible assets per share (RM)	Nil	Nil	0.40	0.42	0.37

\* represents RM2



**10. FINANCIAL INFORMATION (Cont'd)**

Appendix A-2

**Notes to the proforma consolidated balance sheets at 31 August 2003**

1. The proforma consolidated balance sheets have been prepared for illustrative purposes only and are based on the audited financial statements of Lebar Daun Berhad ("LDB") and Lebar Daun Construction Sdn. Bhd. ("LDCSB") as at 31 August 2003 and based on accounting policies consistent with those normally adopted in the preparation of the audited financial statements of LDB and LDCSB.
2. The proforma consolidated balance sheets incorporate, on a proforma basis, the following transactions as though they have been effected on 31 August 2003:

**Stage I**

Share swap via an exchange of consolidated Hiap Aik Construction Berhad ("HACB") shares for Lebar Daun Berhad ("LDB") shares on the basis of 1 LDB share for every 1 consolidated HACB share. A total of 483,671 LDB shares will be issued and exchanged with 483,671 HACB shares. Thereafter HACB becomes a wholly-owned subsidiary of LDB.

Under the restructuring scheme, LDB will dispose the entire issued and paid-up share capital in HACB to a Special Purpose Vehicle ("SPV") nominated by the Special Administrators of HACB for a nominal consideration of RM1.00. Hence, the carrying value of this investment will be immediately impaired and the investment cost will be charged against retained profit.

**Stage II**

After completion of Stage I and upon acquisition of LDCSB by LDB for RM74.5 million. The acquisition will be satisfied by an issuance of 113 million new LDB shares and RM18 million nominal value of LDB 2% Irredeemable Convertible Unsecured Loan Stock ("ICULS") issued at 100% of the nominal value of RM1.00 each, which will ultimately be issued to a creditors' agent acting on behalf of HACB's creditors.

**Stage III**

After completion of Stage II and upon public issue of 5 million LDB shares to the public at an issue price of RM1.20 per share.

**Stage IV**

After completion of Stage III and upon full conversion of ICULS to share capital.



**10. FINANCIAL INFORMATION (Cont'd)**

Appendix A-3

## 3. Share Capital, Share Premium and ICULS Accounts

The movements in the LDB Group's share capital, share premium and ICULS accounts are as follows:

	Share Capital RM'000	Share Premium RM'000	ICULS RM'000
As at 31 August 2003	*	-	-
Share swap of HACB shares for LDB shares	242	-	-
Acquisition of LDCSB for RM74.5 million by issuance of 113 million new shares and RM18 million LDB's ICULS	56,500	-	18,000
Public issue of 5 million shares at RM1.20 per share	2,500	3,500	-
Listing expenses	-	(2,500)	-
Full conversion of ICULS	9,000	9,000	(18,000)
Proforma	<u>68,242</u>	<u>10,000</u>	<u>-</u>
	=====	=====	=====

\* represents RM2

