

# **GROWING FROM STRENGTH-TO-STRENGTH**

In this new phase of growth, UBG aspires to enhance its fundamental strengths. A good financial position as reflected by a strong and healthy balance sheet and prudent management are our priorities. By growing steadily, we are able to reward our shareholders who have stayed the course with us.



# Financial Statements

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# Directors' Report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activity of the Company and its subsidiaries during the financial year other than the acquisition of subsidiaries as disclosed in Note 41 to the financial statements.

## RESULTS

	GROUP	COMPANY
	RM'000	RM'000
Profit/(loss) for the year	6,923	(13,780)
Attributable to:		
Equity holders of the Company	4,785	(13,780)
Minority interests	2,138	–
	6,923	(13,780)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

## DIVIDENDS

No dividends were paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2008.

## ISSUE OF SHARES

During the financial year, the Company increased its issued and paid up capital from RM68,275,995 to RM125,098,995 via the issuance of:

- 44,652,000 new ordinary shares of RM0.25 each at an issue price of RM2.50 per share to PPES Works (Sarawak) Sdn Bhd ("PPES") for the acquisition of CMS Roads Sdn Bhd ("CMS Roads") and CMS Pavement Tech Sdn Bhd ("CMS Pavement"); and
- 182,640,800 new ordinary shares of RM0.25 each for cash pursuant to a restricted issue to Majestic Masterpiece Sdn Bhd ("MMSB") at an issue price of RM2.50 per share.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

# Directors' Report

CONTINUED

## ITEMS OF AN UNUSUAL NATURE

There were no material or unusual items for the financial year ended 31 December 2008 except for the following:

- a. As at 31 December 2008, the Company completed the acquisitions of CMS Roads, CMS Pavement, Putrajaya Perdana Berhad ("PPB") and Loh & Loh Corporation Berhad ("LLCB") under The Regularisation Scheme. The details of the acquisitions are set out in Note 41.
- b. A provision of RM16,177,317 had been made in the Company's accounts for the financial year ended 31 December 2008 in relation to the Writ of Summons and Statement of Claim served on the Company by Merrill Lynch (Singapore) Pte Ltd on 24 September 2008 as set out in Note 43.

## DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato Sri Haji Mahmud Abu Bekir Taib	
Syed Ahmad Alwee Alsree	
Dato Sri Liang Kim Bang @ Neo Ah Pang	
H.E. Yousif Mana Saeed Alotaiba	Appointed on 19.9.2008
Low Taek Jho	Appointed on 19.9.2008
Krishnan a/l C K Menon	Appointed on 19.9.2008
Dato' Vaseehar Hassan bin Abdul Razack	Resigned on 19.9.2008
Dato' Paduka Nik Hashim bin Nik Yusoff	Resigned on 19.9.2008
Dato' Richard Alexander John Curtis	Resigned on 19.9.2008
Datu Michael Ting Kuok Ngie @ Ting Kok Ngie	Resigned on 19.9.2008
Kevin How Kow	Resigned on 19.9.2008
Datu Dr. Haji Hatta bin Solhi	Retired on 20.5.2008
<b>Alternate Directors</b>	
Shaher Moh'd Ali Awartani (Alternate Director to: H.E. Yousif Mana Saeed Alotaiba)	Appointed on 19.09.2008
Tan Vern Tact (Alternate Director to: Low Taek Jho)	Appointed on 19.9.2008

# Directors' Report

CONTINUED

## DIRECTORS – CONTINUED

In accordance with Article 98 of the Company's Articles of Association, Dato Sri Haji Mahmud Abu Bekir Taib retires at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-election.

In accordance with Article 102 of the Company's Articles of Association, H.E. Yousif Mana Saeed Alotaiba, Krishnan a/l C K Menon and Low Taek Jho retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-election.

In accordance with Section 129(6) of the Companies Act 1965, Dato Sri Liang Kim Bang @ Neo Ah Pang retires at the forthcoming Annual General Meeting of the Company and offers himself for re-appointment as director under Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

## DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year were as follows:

	NO. OF ORDINARY SHARES OF RM0.25 EACH			
	AT 1.1.2008	BOUGHT	SOLD	AT 31.12.2008
<b>UBG Berhad</b>				
Direct interest				
Dato Sri Liang Kim Bang @ Neo Ah Pang	201,600	–	–	201,600
Indirect interest*				
Syed Ahmad Alwee Alsree	284,800	–	–	284,800

\* Deemed interest pursuant to section 134(12)(c) of the Companies Act, 1965

	NO. OF ORDINARY SHARES OF USD1.00 EACH			
	AT 1.1.2008	BOUGHT	SOLD	AT 31.12.2008
<b>Abu Dhabi-Kuwait-Malaysia Investment Corporation<sup>#</sup></b>				
Direct interest				
H.E. Yousif Mana Saeed Alotaiba	200	–	200	–
Low Taek Jho	–	100	–	100
Tan Vern Tact	–	80	50	30

<sup>#</sup> Incorporated in British Virgin Islands

# Directors' Report

CONTINUED

## DIRECTORS' INTEREST – CONTINUED

There were no other movements in shares of the Company during the financial year other than disclosed.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## OTHER STATUTORY INFORMATION

- a. Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
  - i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - ii. to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- b. At the date of this report, the directors are not aware of any circumstances which would render:
  - i. the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - ii. the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- c. At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d. At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- e. As at the date of this report, there does not exist:
  - i. any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - ii. any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- f. In the opinion of the directors:
  - i. no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

# Directors' Report

CONTINUED

## **SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

Details of significant events subsequent to the balance sheet date are disclosed in Note 42 to the financial statements.

## **AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 April 2009.

**Dato Sri Haji Mahmud Abu Bekir Taib**

**Low Taek Jho**

## Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato Sri Haji Mahmud Abu Bekir Taib and Low Taek Jho, being two of the directors of UBG Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 75 – 150 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 April 2009.

**Dato Sri Haji Mahmud Abu Bekir Taib**

**Low Taek Jho**

## Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Monica Oh Chin Chin, being the officer primarily responsible for the financial management of UBG Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 75 – 150 are in my opinion 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 abovenamed Monica Oh Chin Chin  
at Kuala Lumpur in the Federal Territory  
on 20 April 2009

**Monica Oh Chin Chin**

Before me,

**Ahmad B. Laya**  
Commissioner for Oath  
No. W 259

Kuala Lumpur, Malaysia

# Independent Auditors' Report to the Members of UBG Berhad

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of UBG Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 75 – 150.

### Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a. In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b. We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.
- c. We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company 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.
- d. The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

# Independent Auditors' Report to the Members of UBG Berhad

CONTINUED

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Ernst & Young**  
AF: 0039  
Chartered Accountants  
  
Kuala Lumpur, Malaysia  
20 April 2009

**Yong Voon Kar**  
No. 1769/04/10(J/PH)  
Chartered Accountant

# Income Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
<b>Continuing Operations</b>					
Revenue	3	536,274	138,167	16,469	40,633
Cost of sales	4	(457,217)	(81,239)	–	–
Gross profit		79,057	56,928	16,469	40,633
Other income	5	8,144	2,334	236	–
Administrative expenses		(66,081)	(6,475)	(26,676)	(3,869)
Selling and marketing expenses		(612)	(172)	(526)	(171)
Impairment loss		–	(800)	–	(800)
Operating profit/(loss)		20,508	51,815	(10,497)	35,793
Finance costs	6	(2,711)	(3,900)	(3)	(3,885)
Share of profit of associates		1,498	–	–	–
Profit/(loss) before tax	7	19,295	47,915	(10,500)	31,908
Income tax expense	10	(12,372)	(14,262)	(3,280)	(10,309)
Net profit/(loss) for the year for continuing operations		6,923	33,653	(13,780)	21,599
<b>Discontinued Operations</b>					
Rashid Hussain Berhad (“RHB”)	45 (a)	–	967,347	–	1,093,681
Utama Merchant Bank Berhad (“UMBB”)	45 (b)	–	30,718	–	30,718
Profit for the financial year from discontinued operations		–	998,065	–	1,124,399
Net profit/(loss) for the year		6,923	1,031,718	(13,780)	1,145,998
Attributable to:					
– Equity holders of the Company		4,785	1,178,720	(13,780)	1,145,998
– Minority interests		2,138	(147,002)	–	–
		6,923	1,031,718	(13,780)	1,145,998
Earnings per share attributable to equity holders of the Company:					
– Profit from continuing operations (sen)	11	1.29	5.06		
– Profit from discontinued operations (sen)	11	–	189.31		
– Profit for the year (sen)	11	1.29	194.37		

The accompanying notes form an integral part of the financial statements.

# Balance Sheets

AS AT 31 DECEMBER 2008

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	13	92,036	9,063	2,006	219
Investment properties	14	15,067	–	–	–
Investments in subsidiaries	15	–	–	987,006	195
Land held for property development	17	53,509	–	–	–
Interest in leasehold land	18	5,205	–	–	–
Prepaid land lease payments	19	413	–	–	–
Intangible assets	20	59,023	–	–	–
Goodwill on acquisition	20	531,395	–	–	–
Other long term investments	21	1,062	–	–	–
Long term receivables	22	78,255	–	–	–
Deferred tax assets	23	13,495	–	–	–
		849,460	9,063	989,012	414
<b>Current Assets</b>					
Property development costs	24	64,859	–	–	–
Inventories	25	7,563	–	–	–
Amount due from customers on contracts	26	26,775	2,026	–	–
Trade and other receivables	27	510,361	71,219	165	500
Other short term investments	28	112,218	–	–	–
Current tax recoverable		8,043	510	1,419	–
Deposits, cash and bank balances	29	146,455	829,941	53,345	821,375
Assets classified as held for sale	28	367,110	–	367,110	–
		1,243,384	903,696	422,039	821,875
<b>Total Assets</b>		<b>2,092,844</b>	<b>912,759</b>	<b>1,411,051</b>	<b>822,289</b>

# Balance Sheets

AS AT 31 DECEMBER 2008 – CONTINUED

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
<b>Equity and Liabilities</b>					
<b>Equity Attributable to Equity Holders of the Company</b>					
Share capital	30	125,099	68,276	125,099	68,276
Reserves	31	1,208,454	803,803	1,238,358	740,729
		1,333,553	872,079	1,363,457	809,005
Minority interests		72,742	11,563	–	–
<b>Total Equity</b>		<b>1,406,295</b>	<b>883,642</b>	<b>1,363,457</b>	<b>809,005</b>
<b>Non-Current Liabilities</b>					
Borrowings	32	69,757	135	–	76
Deferred tax liabilities	23	29,509	838	–	–
		99,266	973	–	76
<b>Current Liabilities</b>					
Amount due to customers on contracts	26	79,406	2,067	–	–
Trade and other payables	34	417,888	21,192	47,594	9,572
Borrowings	32	84,980	125	–	51
Current tax payable		5,009	4,760	–	3,585
		587,283	28,144	47,594	13,208
<b>Total Liabilities</b>		<b>686,549</b>	<b>29,117</b>	<b>47,594</b>	<b>13,284</b>
<b>Total Equity and Liabilities</b>		<b>2,092,844</b>	<b>912,759</b>	<b>1,411,051</b>	<b>822,289</b>

The accompanying notes form an integral part of the financial statements.

# Statements of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

## ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Group	NON-DISTRIBUTABLE				DISTRIBUTABLE				TOTAL EQUITY RM'000
	SHARE CAPITAL (NOTE 30) RM'000	SHARE PREMIUM (NOTE 31) RM'000	MERGER RESERVE RM'000	REVALUATION RESERVE (NOTE 31) RM'000	TRANSLATION RESERVE (NOTE 31) RM'000	RETAINED EARNINGS (NOTE 31) RM'000	SUB-TOTAL RM'000	MINORITY INTERESTS RM'000	
Balance as at 1 January 2008	68,276	-	-	-	-	740,950	809,226	-	809,226
- As previously reported	-	-	(105,820)	-	-	57,043	62,853	11,563	74,416
- Effects on adoption of merger accounting (Note a)									
Balance as at 1 January 2008 (restated)	68,276	-	111,630	(105,820)	-	797,993	872,079	11,563	883,642
New shares issued during the year pursuant to:									
- Restricted issue	45,660	410,942	-	-	-	-	456,602	-	456,602
- Acquisition of subsidiaries (Note a)	11,163	100,467	(111,630)	105,820	-	(105,820)	-	-	-
Dilution arising from issue of additional shares in a subsidiary	-	-	-	-	-	6	6	53	59
Arising from reclassification of investment properties to property, plant and equipment	-	-	-	445	-	(445)	-	-	-
Acquisition of additional stakes in subsidiaries	-	-	-	-	-	8	8	1	9
Acquisition of new subsidiaries	-	-	-	-	-	-	-	59,031	59,301
Currency translation differences from subsidiary	-	-	-	-	73	-	73	(44)	29
Income and expenses recognised directly in equity	56,823	511,409	105,820	445	73	(106,251)	456,689	59,041	515,730
Net profit for the financial year	-	-	-	-	-	4,785	4,785	2,138	6,923
Balance as at 31 December 2008	125,099	511,409	-	445	73	696,527	1,333,553	72,742	1,406,295

Note a: The effects on adoption of merger accounting represent the nominal value of shares issuable for the acquisition of the subsidiaries (Note 41(a) and (b)) and the retained earnings of the subsidiaries as at the relevant balance sheet dates presented on a proforma basis, as if the merger had occurred throughout the current and previous year.

Merger deficit of RM105,820,000 has been written off against retained earnings.

# Statements of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	NON-DISTRIBUTABLE					DISTRIBUTABLE				TOTAL EQUITY	
	SHARE CAPITAL (NOTE 30) RM'000	SHARE PREMIUM (NOTE 31) RM'000	RESERVE FUNDS RM'000	RESERVES RM'000	AFS TRANSLATION RESERVES (NOTE 31) RM'000	OTHER RESERVES RM'000	MERGER RESERVES RM'000	RETAINED EARNINGS (NOTE 31) RM'000	SUB-TOTAL RM'000		MINORITY INTERESTS RM'000
<b>Group – Continued</b>											
Balance as at 1 January 2007	682,760	425,283	95,011	6,233	(6,951)	–	–	(213,895)	988,441	1,128,333	2,116,774
– As previously reported	–	–	–	–	–	111,630	(105,820)	44,122	49,932	8,591	58,523
– Effects on adoption of merger accounting	–	–	–	–	–	–	–	–	–	–	–
Balance as at 1 January 2007	682,760	425,283	95,011	6,233	(6,951)	111,630	(105,820)	(169,773)	1,038,373	1,136,924	2,175,297
Dilution of interest due to conversion of RHB ICULS by minority interests	–	–	(7,791)	(338)	112	–	–	26,011	17,994	(14,554)	3,440
Bonus issue	682,760	(357,007)	–	–	–	–	–	(325,753)	–	–	–
Capital distribution to shareholders	(1,297,244)	(68,276)	–	–	–	–	–	–	(1,365,520)	–	(1,365,520)
Currency translation differences	–	–	–	–	(2,245)	–	–	–	(2,245)	(12,876)	(15,121)
Exercise of Call Warrants 2003/2007	–	–	(4,145)	(84)	19	–	–	4,210	–	39,113	39,113
Unrealised net gain on revaluation of securities available-for-sale (“AFS”)	–	–	–	4,536	–	–	–	–	4,536	26,340	30,876
Net transfer to income statement on disposal/impairment	–	–	–	228	–	–	–	–	228	2,191	2,419
Deferred tax	–	–	–	(7)	–	–	–	–	(7)	(381)	(388)
Income and expenses recognised directly in equity	(614,484)	(425,283)	(11,936)	4,335	(2,114)	–	–	(295,532)	(1,345,014)	39,833	(1,305,181)
Profit/(loss) for the financial year	–	–	–	–	–	–	–	1,178,720	1,178,720	(147,002)	1,031,718
Total income and expenses recognised for the year	(614,484)	(425,283)	(11,936)	4,335	(2,114)	–	–	883,188	(166,294)	(107,169)	(273,463)
Dividends paid to minority interests	–	–	–	–	–	–	–	–	–	(44,632)	(44,632)
Realised upon disposal of a subsidiary (RHB)	–	–	(83,076)	(10,568)	9,065	–	–	84,578	–	(973,560)	(973,560)
Balance as at 31 December 2007	68,276	–	–	–	–	111,630	(105,820)	797,993	872,079	11,563	883,642

# Statements of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

	NON-DISTRIBUTABLE		DISTRIBUTABLE	TOTAL RM'000
	SHARE CAPITAL (NOTE 30) RM'000	SHARE PREMIUM (NOTE 31) RM'000	RETAINED EARNINGS (NOTE 31) RM'000	
<b>Company</b>				
Balance as at 1 January 2008	68,276	–	740,729	809,005
New shares issued during the year pursuant to:				
– Restricted issue	45,660	410,942	–	456,602
– Acquisition of subsidiaries	11,163	100,467	–	111,630
Net loss for the year	–	–	(13,780)	(13,780)
Balance as at 31 December 2008	125,099	511,409	726,949	1,363,457

	NON-DISTRIBUTABLE			DISTRIBUTABLE	TOTAL RM'000
	SHARE CAPITAL (NOTE 30) RM'000	SHARE PREMIUM (NOTE 31) RM'000	AFS RESERVE RM'000	RETAINED EARNINGS (NOTE 31) RM'000	
<b>Company</b>					
Balance as at 1 January 2007	682,760	425,283	589,071	(79,516)	1,617,598
Bonus issue	682,760	(357,007)	–	(325,753)	–
Capital distribution to shareholders	(1,297,244)	(68,276)	–	–	(1,365,520)
Disposal of securities available-for-sale	–	–	(589,071)	–	(589,071)
Net profit for the year	–	–	–	1,145,998	1,145,998
Balance as at 31 December 2007	68,276	–	–	740,729	809,005

The accompanying notes form an integral part of the financial statements.

# Cash Flow Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
<b>Cash Flows from Operating Activities</b>				
Profit/(loss) before tax				
– Continuing operations	19,295	47,915	(10,500)	31,908
Adjustments for:				
Amortisation of intangible assets	17,890	–	–	–
Accretion of interest from receivables	(3,197)	–	–	–
Property, plant and equipment				
– Depreciation	2,761	1,689	151	99
– Gains on disposal	(125)	(25)	(66)	–
– Written off	985	8	–	2
Amortisation of interest in leasehold land	195	–	–	–
Writeback of provision for doubtful debt	(60)	–	–	–
Unrealised foreign exchange loss on investments	890	–	890	–
Unrealised loss on revaluation of derivative assets	–	800	–	800
Provision for diminution in value of investments	1,528	–	–	–
Interest income	(23,601)	(38,708)	(16,469)	(40,633)
Interest expense	2,711	3,900	3	3,885
Provision for professional costs	912	–	–	–
Gross dividend income from securities	(61)	–	–	–
Net loss/(gain) on disposal of investments	1,245	–	(169)	–
Share of profit of associates	(1,498)	–	–	–
Short term accumulating compensated absence	180	–	37	–
Operating profit/(loss) before working capital changes	20,050	15,579	(26,123)	(3,939)
Inventories and operating receivables	(15,022)	9,924	(125)	6,749
Operating payables	86,122	2,236	37,985	8,740
Cash generated from operations	91,150	27,739	11,737	11,550
Interest received	22,155	38,708	16,929	40,633
Interest paid	(2,762)	(3,900)	(3)	(3,885)
Income tax refunded	198	–	–	–
Income tax paid	(20,581)	(10,734)	(8,284)	(7,241)
Net cash generated from discontinued operations	–	1,249,326	–	–
Net cash generated from operating activities	90,160	1,301,139	20,379	41,057

# Cash Flow Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
<b>Cash Flows from Investing Activities</b>				
Net cash (used in)/generated from discontinued operations				
– RHB	–	(10,459,185)	–	2,240,089
– UMBB	–	30,718	–	30,718
– Investing activities	–	695,706	–	–
Investment properties related cost	(4)	–	–	–
Interest received	735	–	–	–
Proceeds from disposal of property, plant and equipment	715	58	208	–
Dividend income received	2	–	–	–
Prepayment of land lease	(330)	–	–	–
Proceeds from disposal of quoted investments	142	–	–	–
Purchase of property, plant and equipment (Note a)	(5,834)	(3,683)	(2,080)	–
Purchase of intangible assets	(68)	–	–	–
Acquisition of subsidiaries and subscription of shares in a subsidiary	(824,546)	–	(916,346)	–
Increase in other investments	(471,735)	–	(368,000)	–
Proceeds from disposal of shares in subsidiaries	41,334	–	41,334	–
Net cash (used in)/generated from investing activities	(1,259,589)	(9,736,386)	(1,244,884)	2,270,807
<b>Cash Flows from Financing Activities</b>				
Repayment of borrowings	(40,955)	(145,000)	–	(145,000)
Repayment of hire purchases	(668)	(110)	(127)	(49)
Capital distribution to shareholders	–	(1,365,520)	–	(1,365,520)
Issuance of share capital pursuant to ESOS by a subsidiary	95	–	–	–
Issuance of share capital	456,602	–	456,602	–
Issuance of share capital to minority shareholders	2,376	–	–	–
Net cash generated from discontinued operations	–	84,130	–	–
Net cash generated from/(used in) financing activities	417,450	(1,426,500)	456,475	(1,510,569)
<b>Net (Decrease)/Increase In Cash and Cash Equivalents</b>	(751,979)	(9,861,747)	(768,030)	801,295
<b>Exchange Difference</b>	61	–	–	–
<b>Cash and Cash Equivalents at Beginning of the Year</b>	891,755	10,753,502	821,375	20,080
<b>Cash and Cash Equivalents at End of the Year</b>	139,837	891,755	53,345	821,375

# Cash Flow Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

Note a: Purchases of property, plant and equipment during the year were by way of:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
Cash	5,834	3,683	2,080	–
Hire purchase	100	–	–	–
Included under net cash used in investing activities – discontinued operations	–	18,570	–	–
	5,934	22,253	2,080	–

For the purpose of the cash flow statements, cash and cash equivalents comprises the following:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
Cash on hand and at bank (Note 29)	41,928	8,423	845	275
Deposits with licensed banks (Note 29)	104,527	821,518	52,500	821,100
Central cash management account*	–	61,839	–	–
Less: Restricted deposits, cash and bank balances**				
– Short term deposits with licensed banks	(6,347)	–	–	–
– Cash and bank balances	(87)	–	–	–
Less: Bank overdraft (Note 32)	(184)	(25)	–	–
	139,837	891,755	53,345	821,375

\* Central cash management account represents fund placed with former holding company, Cahya Mata Sarawak Berhad, which earns interest at rates ranging from 2.8% to 4.0% per annum and is repayable on demand.

\*\* These are amounts held in trust by trustee under an investment management agreement for discretionary accounts and are not available for use.

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is located at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak.

The immediate and ultimate holding companies are Majestic Masterpiece Sdn Bhd, a private limited company incorporated and domiciled in Malaysia, and Abu Dhabi-Kuwait-Malaysia Investment Corporation, a private limited company incorporated in British Virgin Islands.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year other than the acquisition of subsidiaries as disclosed in Note 41 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 April 2009.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared on a historical basis except as disclosed in the summary of significant accounting policies and comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia ("FRS"). At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for the current financial year as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

### 2.2 Summary of Significant Accounting Policies

#### a. Basis of Consolidation

##### i. Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts are included in the income statement.

##### ii. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.2 Summary of Significant Accounting Policies – Continued

#### a. Basis of Consolidation – Continued

##### ii. Basis of Consolidation – Continued

Acquisitions of subsidiaries except for certain subsidiaries, which have been accounted for using the merger method of accounting, are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any 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 represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities share of changes in the subsidiaries' equity since then.

Acquisition of subsidiaries that meets the conditions of a merger are accounted for using the merger method. The acquisitions of CMS Roads Sdn Bhd ("CMS Roads") and CMS Pavement Tech Sdn Bhd ("CMS Pavement") which met the conditions of a merger are accounted for under that method.

Under the merger method of accounting, the results of entities or businesses under common control are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between the carrying value of the investment in the subsidiaries over the nominal value of the shares acquired is taken to merger reserve and regarded as a non-distributable reserve. Merger deficit is set off against suitable reserves on the consolidated financial statements.

##### iii. Associates

Associates are those corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. Investment in associates are accounted for using the equity method of accounting and are initially recognised at cost.

##### iv. Jointly Controlled Entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interest in a jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.2 Summary of Significant Accounting Policies – Continued

#### a. Basis of Consolidation – Continued

##### iv. Jointly Controlled Entities – Continued

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

#### b. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### i. Sale of Properties

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.2(g)(iii).

Revenue from sale of completed properties is recognised upon the finalisation of sale and purchase agreements and when the risks and rewards of ownership have passed.

##### ii. Construction Contracts

Revenue from construction contracts is recognised on the stage of completion method as described in Note 2.2(j).

##### iii. Maintenance Work

Revenue for routine maintenance work is based on fixed rate and is recognised upon performance of work in accordance to the terms as stipulated in the Road Maintenance Agreement. Revenue from work orders fees are based in schedule of rates approved by client.

##### iv. Quarry Operations

Revenue from quarry operations is recognised based on invoiced value of goods delivered to customers.

##### v. Dividend Income

Dividend income is recognised when the Group's right to receive payment has been established.

##### vi. Rental Income

Rental income from investment property is recognised on accrual basis based on the agreed upon rental rates.

##### vii. Interest Income

Interest income is recognised on accrual basis unless collectibility is in doubt, in which case it is recognised on receipt basis.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.2 Summary of Significant Accounting Policies – Continued

#### c. Leases

##### i. Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification.

All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

##### ii. Finance Leases – The Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(f).

##### iii. Operating Leases – The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

##### iv. Operating Leases – The Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(b)(vi)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.2 Summary of Significant Accounting Policies – Continued

#### d. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

#### e. Income Tax

Income tax on the income statement for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as an income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

#### f. Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.2 Summary of Significant Accounting Policies – Continued

#### f. Property, Plant and Equipment and Depreciation – Continued

Freehold land has an unlimited useful life and therefore is not depreciated. Buildings-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Building	2% – 6%
Renovations and improvements	7.5% – 20% or lease period
Plant and machinery and site equipment	10% – 20%
Office equipment, furniture and fittings	7.5% – 33.3%
Motor vehicles	20% – 25%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement.

#### g. Investment Properties, Land Held for Property Development and Property Development Costs

##### i. Investment Properties

Investment properties are held for long term rental yields and long term capital appreciation. Investment properties are stated at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation method such as recent prices on less active markets or discounted cash flow projections. Changes in the fair values are recorded in the income statement as part of other income.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in income statement in the period of the retirement or disposal.

##### ii. Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.2 Summary of Significant Accounting Policies – Continued

#### g. Investment Properties, Land Held for Property Development and Property Development Costs – Continued

##### iii. Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade and other receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade and other payables.

#### h. Intangible Assets

##### i. Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### ii. Other Intangible Assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets, which represent software cost with finite lives, are amortised on a straight-line basis over the estimated economic useful lives at an annual rate of 20% and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with finite useful life are reviewed at each financial year end.

The residual values, useful life and amortisation method are reviewed at each financial year end to ensure that the amount, method and period of amortisation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement.

##### iii. Research and Development Costs

All research costs are recognised in the income statement as incurred.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.2 Summary of Significant Accounting Policies – Continued

#### i. Inventories

Inventories of completed properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction, development costs and appropriate overheads. Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale.

Other inventories are valued at lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories. The cost of other inventories consists of direct materials, direct labour, direct charges and variable production overheads, determined on a weighted average basis.

#### j. Construction Contracts

Construction contracts are stated at cost plus attributable profit less progress billings. Cost comprises direct labour, material costs, sub-contract sum and an allocated proportion of directly related overheads. Administrative and general expenses are charged to the income statement as and when incurred.

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Provision is made for all anticipated losses on construction work. Provision for warranties is made for expected or estimated repair costs for making good certain defects and damages during the warranty periods.

The aggregate of the costs incurred and the profits or losses recognised are compared against the progress billings up to the balance sheet date for all contracts in progress. The balances are shown as amount due from customers on construction contracts when costs incurred plus recognised profits (less recognised losses) exceed progress billings. The balances are shown as amount due to customers on construction contracts when progress billings exceed costs incurred plus recognised profits (less recognised losses).

#### k. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

#### l. Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.2 Summary of Significant Accounting Policies – Continued

#### I. Financial Instruments – Continued

##### i. Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

##### ii. Short Term Investments

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values at the balance sheet date. Increases or decreases in the carrying amount of marketable securities are recognised in income statement.

Investment in unquoted bonds is stated at cost net of amortisation of premiums or accretion of discount over the period between acquisition and maturity of the bonds.

On disposal of the investment, the difference between net disposal proceeds and the carrying amount is recognised in income statement.

##### iii. Receivables

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

##### iv. Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

##### v. Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

##### vi. Foreign Currency Forward Contracts

One of the Group's subsidiary enters into foreign currency forward contracts to protect it from movements in exchange rate by establishing the rate at which a foreign currency asset or liability will be settled. Exchange gains and losses on contracts are recognised when settled at which time they are included in the measurement of the transaction hedged. These instruments are not recognised in the financial statements on inception.

#### m. Employee Benefits

##### i. Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the years in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave, maternity and paternity leave are recognised when the absences occur.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.2 Summary of Significant Accounting Policies – Continued

#### m. Employee Benefits – Continued

##### ii. Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (“EPF”). The Group’s foreign subsidiaries in the Republic of Singapore make contributions to their country’s Central Provident Fund (“CPF”).

##### iii. Defined Benefit Plans

One of the sub-group of subsidiaries contributes to a funded, defined benefit scheme, known as the Putrajaya Perdana Group Retirement Benefit Scheme (“the Scheme”) for its eligible employees. The sub-group’s obligations under the Scheme, calculated using the Projected Credit Unit Method, is determined based on actuarial computations by independent actuaries in every three years, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised past service costs and the present value of any economic benefits in the form of refunds from the plan or reductions in future contributions to the plan.

##### iv. Share-Based Compensation

The Putrajaya Perdana Berhad Employee Share Option Scheme (“ESOS”), an equity-settled, share-based compensation plan, allows sub-group’s directors and employees to acquire ordinary shares of the sub-group’s holding company. The total fair value of share options granted to these employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the sub-group’s holding company revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.2 Summary of Significant Accounting Policies – Continued

#### n. Impairment of Non-Financial Assets

The carrying amounts of the Group's assets, other than construction contract assets, property development costs, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in income statement in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in income statement.

#### o. Foreign Currencies

##### i. Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

##### ii. Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in income statement. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in income statement in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.2 Summary of Significant Accounting Policies – Continued

#### o. Foreign Currencies – Continued

##### ii. Foreign Currency Transactions – Continued

Exchange differences arising on the translation of non-monetary items carried at fair value are included in income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

##### iii. Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

#### p. Assets Classified as Held for Sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, assets (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5, that is, at the lower of carrying amount and fair value less costs to sell. Any differences are included in income statement.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.3 Changes In Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 January 2008, the Group and the Company adopted the following revised FRSs, amendment to FRS and Interpretations:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes In Foreign Exchange Rates – Net Investment In a Foreign Operation
IC Interpretation 1	Changes In Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares In Co-Operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities Arising from Participating In a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach Under FRS 129 – Financial Reporting In Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The adoption of the revised FRSs, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group.

The principal changes in accounting policies and their effects resulting from the adoption of the revised FRS 125<sub>2004</sub> "Accounting for Investments" are discussed below:

Following the disposal of its banking operations which was completed on 22 May 2007, the Group ceased to incorporate the requirements of the Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8"), particularly in relation to the classification, recognition and measurement of securities portfolio which were more in line with FRS 139 "Financial Instruments: Recognition and Measurement" which has not come into effect. The Group and Company will apply FRS 139 when it becomes effective.

Accordingly, with effect from 1 June 2008, the Group's short term investments are carried at the lower of cost and market value as described in Note 2.2(l)(ii).

The change in accounting policy is also in line with the existing policies adopted by its newly acquired subsidiaries during the year, namely CMS Roads Sdn Bhd ("CMS Roads"), CMS Pavement Tech Sdn Bhd ("CMS Pavement"), Loh & Loh Corporation Berhad ("LLCB") and Putrajaya Perdana Berhad ("PPB") collectively referred to as "new acquisitions" which will result in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Group's financial position, financial performance or cash flows.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.3 Changes In Accounting Policies and Effects Arising from Adoption of New and Revised FRSs – Continued

The Group will not be applying the accounting policy retrospectively nor would it be restating the comparative figures because it is impractical to do so given that the assets, liabilities and equity affected by the change in accounting policies are those reported under “Discontinued Operations” which the Group had already disposed of and are no longer carried in its financial statements for the current year.

The change in accounting policy has no significant impact on the financial results of the Group for the current period under review.

### 2.4 Standards and Interpretations Issued But Not Yet Effective

At the date of authorisation of these financial statements, the following new and revised FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs & INTERPRETATIONS	EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
FRS 4 : Insurance Contracts	1 January 2010
FRS 7 : Financial Instruments: Disclosures	1 January 2010
FRS 8 : Operating Segments	1 July 2009
FRS 139 : Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January 2010

The above new and revised FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

### 2.5 Significant Accounting Estimates and Judgements

#### a. Critical Judgements Made In Applying Accounting Policies

The following are the judgements made by the directors in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

##### i. Classification Between Investment Properties and Property, Plant and Equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### 2.5 Significant Accounting Estimates and Judgements – Continued

#### a. Critical Judgements Made In Applying Accounting Policies – Continued

##### i. Classification Between Investment Property and Property, Plant and Equipment – Continued

During the financial year, the Group has temporarily sub-let few levels of its freehold land and building but has decided not to treat this property as an investment property because it is not the Group's intention to hold this property in the long-term for capital appreciation or rental income. Accordingly, this property is still classified as property, plant and equipment.

#### b. Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### i. Property Development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

##### ii. Construction Contracts

The Group recognises construction contract revenue and expenses in the income statement by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the construction contract costs incurred, provision for warranties, the estimated total construction contract costs, as well as the recoverability of the construction contracts. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

##### iii. Deferred Tax Assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The unrecognised tax losses of the Group amounted to RM32,235,000 (2007: RM31,618,000) at the balance sheet date.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 3. REVENUE

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
Road maintenance and reinstatement activities	94,395	91,212	–	–
Construction activities	395,822	10,150	–	–
Interest income	16,602	36,805	16,469	40,633
Property development activities	21,492	–	–	–
Sales of completed properties	7,874	–	–	–
Rental income	28	–	–	–
Dividend income	61	–	–	–
	536,274	138,167	16,469	40,633

## 4. COST OF SALES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
Road maintenance and reinstatement activities	77,125	72,095	–	–
Construction contract costs	356,483	9,144	–	–
Property development costs (Note 24)	16,730	–	–	–
Cost of inventories sold	6,873	–	–	–
Rental income	6	–	–	–
	457,217	81,239	–	–

## 5. OTHER INCOME

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
Realised foreign exchange gain	2	–	1	–
Gain on disposal of property, plant and equipment	125	25	66	–
Interest income	6,999	1,903	–	–
Rental income on premises	677	–	–	–
Rental income on motor vehicle	–	48	–	–
Supervision fee	–	345	–	–
Sales of scrap metal	355	–	–	–
Insurance claim	50	–	–	–
Management fee	198	–	–	–
Miscellaneous	983	13	–	–
Net (loss)/gain on disposal of investments	(1,245)	–	169	–
	8,144	2,334	236	–

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 6. FINANCE COSTS

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
Interest expense on:				
– Revolving credit	669	3,879	–	3,879
– Bankers' acceptance and overdraft	145	6	–	–
– Hire purchase payables	36	15	3	6
– Term loan	1,861	–	–	–
	2,711	3,900	3	3,885

## 7. PROFIT/(LOSS) BEFORE TAX

The following amounts have been included in arriving at profit/(loss) before tax:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
Employee benefits expense (Note 8)	28,570	21,236	1,033	642
Auditors' remuneration				
– Auditor of the holding company				
– Statutory audit				
a. Current year	332	18	90	–
b. Underprovision in prior year	–	2	–	–
– Other fees	505	–	458	–
– Other firm of auditors				
– Statutory audit				
a. Current year	121	52	–	52
b. Underprovision in prior year	45	–	–	–
– Other fees	–	368	–	368
Amortisation of interest in leasehold land (Note 18)	195	–	–	–
Amortisation of intangible assets (Note 20(a))	17,890	–	–	–
Bad debts written off	10	–	–	–
Net loss/(gain) on disposal of investments	1,245	–	(169)	–
Provision for diminution in value of investments	1,528	–	–	–
Property, plant and equipment				
– Depreciation	2,761	1,689	151	99
– Written off	985	8	–	2
– Gain on disposal	(125)	(25)	(66)	–
Non-executive directors' remuneration (Note 9)	1,224	1,238	1,092	1,226
Rental of plant and equipment	11,923	12,956	–	–
Rental of premises	1,083	567	264	265
Legal and professional fees	20,809	12,565	20,486	12,516
Cost relating to investing activity	1,131	–	–	–
Unrealised foreign exchange loss on investments	890	–	890	–
Writeback of provision for doubtful debts	(60)	–	–	–

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 8. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
Recognised in income statements (Note 7)	28,570	21,236	1,033	642
Capitalised under construction contract costs incurred to date	12,976	989	–	–
	41,546	22,225	1,033	642
Analysis:				
– Salaries, bonus, wages, overtime and allowances	35,741	19,229	838	542
– Contributions to defined contribution plan	4,236	2,181	100	65
– Social security contributions	300	230	3	2
– Short term accumulating compensated absences	180	–	37	–
– Increase in liability for defined benefit plan (Note 35)	240	–	–	–
– Other benefits	849	585	55	33
	41,546	22,225	1,033	642

## 9. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
<b>Non-Executive Directors' Remuneration (Note 7)</b>				
Fee and other emoluments	1,224	1,238	1,092	1,226
Total directors' remuneration	1,224	1,238	1,092	1,226
Estimated money value of benefits-in-kind	10	32	10	32
Total directors' remuneration including benefits-in-kind	1,234	1,270	1,102	1,258

The details of remuneration receivable by directors of the Company during the financial year are as follows:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
Non-executive directors:				
– Fees	419	854	294	842
– Other emoluments	805	384	798	384
– Estimated money value of benefits-in-kind	10	32	10	32
	1,234	1,270	1,102	1,258

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 9. DIRECTORS' REMUNERATION – CONTINUED

The number of directors (including those that have resigned) of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

NON-EXECUTIVE DIRECTORS	NO. OF DIRECTORS	
	2008	2007
RM nil – RM50,000	5	2
RM50,001 – RM100,000	2	1
RM100,001 – RM150,000	–	5
RM150,001 – RM200,000	3	–
RM200,001 – RM250,000	2	–
RM600,001 – RM650,000	–	1

## 10. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
Current income tax:				
– Malaysian income tax	18,224	15,636	3,284	10,083
– (Over)/underprovision in prior years	(35)	(1,123)	(4)	226
	18,189	14,513	3,280	10,309
Deferred tax (Note 23):				
– Relating to origination and reversal of temporary differences	(4,933)	(203)	–	–
– Relating to changes in tax rates	(50)	(32)	–	–
– Overprovision in prior year	(834)	(16)	–	–
	(5,817)	(251)	–	–
Total income tax expense	12,372	14,262	3,280	10,309

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the financial year, except for the incentive of 6% (2007: 7%) exemption on the first RM500,000 (2007: RM500,000) taxable profit of certain subsidiary granted by the Tax Authority. The domestic statutory tax rate will be reduced to 25% from the current financial year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 10. INCOME TAX EXPENSE – CONTINUED

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2008 RM'000	2007 RM'000 (RESTATED)
<b>Group</b>		
Profit before tax	19,295	47,915
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	5,017	12,937
Effect of lower tax rate for small and medium scale companies	(30)	(35)
Expenses not deductible for tax purposes	8,675	2,531
Effect of changes in tax rates	(50)	(32)
Effect of share of results of associates	(389)	–
Different tax rates in other countries	93	–
Income not subject to tax	(244)	–
Overprovision of deferred tax in prior year	(834)	(16)
Overprovision of income tax in prior years	(35)	(1,123)
Deferred tax assets not recognised in respect of current year losses and provisions	169	–
Income tax expense for the year	12,372	14,262
	2008 RM'000	2007 RM'000
<b>Company</b>		
(Loss)/profit before tax	(10,500)	31,908
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(2,730)	8,615
Expenses not deductible for tax purposes	6,058	1,468
Income not subject to tax	(44)	–
(Over)/underprovision of income tax in prior years	(4)	226
Income tax expense for the year	3,280	10,309

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 11. EARNING PER SHARE

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2008	2007 (RESTATED)
<b>Continuing Operations</b>		
Basic earnings per share		
Profit attributable to equity holders of the Company (RM'000)	4,785	30,681
Weighted average number of ordinary shares in issue ('000)	371,928	606,440
Basic earnings per share (sen)	1.29	5.06
<b>Discontinued Operations</b>		
Basic earnings per share		
Profit attributable to equity holders of the Company (RM'000)	–	1,148,039
Weighted average number of ordinary shares in issue ('000)	–	606,440
Basic earnings per share (sen)	–	189.31
<b>Profit for the Year</b>		
Profit attributable to equity holders of the Company (RM'000)	4,785	1,178,720
Weighted average number of ordinary shares in issue ('000)	371,928	606,440
Basic earnings per share (sen)	1.29	194.37

## 12. DIVIDENDS

No dividends were paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend for the financial year ended 31 December 2008.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 13. PROPERTY, PLANT AND EQUIPMENT

Group	FREEHOLD LAND RM'000	BUILDING, RENOVATIONS & IMPROVEMENTS RM'000	CAPITAL WORK IN PROGRESS RM'000	PLANT & MACHINERY RM'000	EQUIPMENT RM'000	SITE EQUIPMENT RM'000	MOTOR VEHICLES RM'000	OFFICE EQUIPMENT, FURNITURE & FITTINGS RM'000	TOTAL RM'000
<b>At 31 December 2008</b>									
<b>Cost</b>									
At 1 January 2008	–	–	2,839	7,575	1,999	–	6,672	2,639	21,724
Acquisition of subsidiaries	12,287	19,330	–	23,520	–	–	13,848	5,601	74,586
Additions	165	1,087	–	533	37	–	2,952	1,160	5,934
Disposals	–	–	–	(6)	–	–	(1,224)	(25)	(1,255)
Written off	–	–	–	(1,329)	–	–	(173)	(2,722)	(4,224)
Exchange difference	–	–	–	–	–	–	9	28	37
Reclassifications	–	2,839	(2,839)	–	–	–	–	–	–
Transfer from investment properties (Note 14)	6,228	2,303	–	–	–	–	–	–	8,531
<b>At 31 December 2008</b>	<b>18,680</b>	<b>25,559</b>	<b>–</b>	<b>30,293</b>	<b>2,036</b>	<b>22,084</b>	<b>4,734</b>	<b>6,681</b>	<b>105,333</b>
<b>Accumulated Depreciation</b>									
At 1 January 2008	–	–	–	4,971	891	–	4,734	2,065	12,661
Depreciation charge for the year:									
– Recognised in income statements (Note 7)	–	579	–	354	390	–	725	713	2,761
– Capitalised in construction contract costs	–	–	–	1,445	–	–	137	194	1,776
Disposals	–	579	–	1,799	390	–	862	907	4,537
Written off	–	–	–	(4)	–	–	(650)	(11)	(665)
Exchange difference	–	–	–	(1,153)	–	–	(173)	(1,913)	(3,239)
	–	–	–	–	–	–	1	2	3
<b>At 31 December 2008</b>	<b>–</b>	<b>579</b>	<b>–</b>	<b>5,613</b>	<b>1,281</b>	<b>4,774</b>	<b>1,050</b>	<b>1,050</b>	<b>13,297</b>
<b>Net Carrying Amount</b>	<b>18,680</b>	<b>24,980</b>	<b>–</b>	<b>24,680</b>	<b>755</b>	<b>17,310</b>	<b>5,631</b>	<b>5,631</b>	<b>92,036</b>

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 13. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Group	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	BUILDING, RENOVATIONS & IMPROVEMENTS RM'000	CAPITAL WORK IN PROGRESS RM'000	PLANT & MACHINERY RM'000	SITE EQUIPMENT RM'000	MOTOR VEHICLES RM'000	OFFICE EQUIPMENT, FURNITURE & FITTINGS RM'000	TOTAL RM'000
<b>At 31 December 2007 (restated)</b>									
<b>Cost</b>									
At 1 January 2007	121,986	126,086	614,402	-	7,574	1,980	28,687	944,566	1,845,281
- As previously reported	-	(126,086)	(730)	-	-	-	-	-	(126,816)
- Effect of adoption of FRS 117									
As restated	121,986	-	613,672	-	7,574	1,980	28,687	944,566	1,718,465
Additions	-	-	3,810	2,839	1	62	1,281	14,260	22,253
Disposals	-	-	(2,045)	-	-	(43)	(1,053)	(56)	(3,197)
Written off	-	-	(97)	-	-	-	(3)	(6,431)	(6,531)
Exchange differences	(33)	-	(1,375)	-	-	-	(27)	(686)	(2,121)
Reclassifications	-	-	(205)	-	-	-	99	106	-
Disposals of a subsidiary	(121,953)	-	(613,760)	-	-	-	(22,312)	(949,120)	(1,707,145)
At 31 December 2007	-	-	-	2,839	7,575	1,999	6,672	2,639	21,724

## Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

### 13. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Group	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	BUILDING, RENOVATIONS & IMPROVEMENTS RM'000	CAPITAL WORK IN PROGRESS RM'000	PLANT & MACHINERY RM'000	EQUIPMENT RM'000	SITE EQUIPMENT RM'000	MOTOR VEHICLES RM'000	OFFICE EQUIPMENT, FURNITURE & FITTINGS RM'000	TOTAL RM'000
<b>Accumulated Depreciation</b>										
At 1 January 2007	-	4,536	209,281	-	4,477	551	551	19,442	762,224	1,000,511
- As previously reported	-	(4,536)	(75)	-	-	-	-	-	-	(4,611)
- Effect of adoption of FRS 117	-	-	-	-	-	-	-	-	-	-
As restated	-	-	209,206	-	4,477	551	551	19,442	762,224	995,900
Depreciation charge for the year:										
- Recognised in income statements	-	-	5,816	-	-	381	381	1,889	26,867	34,953
- Capitalised in construction contract costs	-	-	-	-	494	-	-	124	2	620
Disposals	-	-	5,816	-	494	381	381	2,013	26,869	35,573
Written off	-	-	-	-	-	-	-	(823)	(48)	(871)
Exchange differences	-	-	(18)	-	-	(41)	(41)	(3)	(6,425)	(6,487)
Reclassifications	-	-	(434)	-	-	-	-	(14)	(547)	(995)
Disposals of a subsidiary	-	-	-	-	-	-	-	96	(96)	-
	-	-	(214,570)	-	-	-	-	(15,977)	(779,912)	(1,010,459)
At 31 December 2007	-	-	-	-	4,971	891	891	4,734	2,065	12,661
<b>Net Carrying Amount</b>	-	-	-	2,839	2,604	1,108	1,108	1,938	574	9,063

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 13. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

	MOTOR VEHICLES RM'000	OFFICE EQUIPMENT & FURNITURE RM'000	TOTAL RM'000
<b>Company</b>			
<b>At 31 December 2008</b>			
<b>Cost</b>			
At 1 January 2008	447	54	501
Additions	1,971	109	2,080
Disposals	(447)	(6)	(453)
At 31 December 2008	1,971	157	2,128
<b>Accumulated Depreciation</b>			
At 1 January 2008	231	51	282
Depreciation charge for the year (Note 7)	147	4	151
Disposals	(306)	(5)	(311)
At 31 December 2008	72	50	122
<b>Net Carrying Amount</b>	<b>1,899</b>	<b>107</b>	<b>2,006</b>
<b>At 31 December 2007</b>			
<b>Cost</b>			
At 1 January 2007	447	75	522
Disposals	–	(21)	(21)
At 31 December 2007	447	54	501
<b>Accumulated Depreciation</b>			
At 1 January 2007	141	61	202
Depreciation charge for the year (Note 7)	90	9	99
Written off	–	(19)	(19)
At 31 December 2007	231	51	282
<b>Net Carrying Amount</b>	<b>216</b>	<b>3</b>	<b>219</b>

Freehold land and buildings of subsidiaries acquired during the year were valued in 2008 by Henry Butcher Malaysia Sdn Bhd and Raine and Horne International Zaki + Partners Sdn Bhd respectively, independent qualified valuers using the comparison method to reflect fair value.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 13. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Had the freehold land and buildings been carried at historical cost less accumulated depreciation, the carrying amount that would have been included in the financial statements at the end of the financial year would be as follows:

	GROUP	
	2008 RM'000	2007 RM'000
Freehold land	5,828	–
Buildings on freehold land	2,654	–
Buildings on leasehold land	8,088	–
	16,570	–

Included in the property, plant and equipment of the Group and of the Company are assets acquired under hire purchase arrangements with carrying values as follows:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Motor vehicles	3,290	240	–	216
Plant and machinery	1,256	–	–	–
	4,546	240	–	216

Included in the Group's additions to property, plant and equipment are assets acquired under hire purchase arrangements as follows:

	GROUP	
	2008 RM'000	2007 RM'000
Motor vehicles	100	–

## 14. INVESTMENT PROPERTIES

	GROUP
	2008 RM'000
Arising from acquisition of subsidiaries	23,594
Additions	4
Transfer to property, plant and equipment (Note 13)	(8,351)
At 31 December	15,067

Investment properties are stated at fair value, representing open-market value determined by external valuers.

During the year, certain investment properties of the Group were owner-occupied. Accordingly, the Group transferred the said properties to property, plant and equipment. The Group treats such investment properties, which are carried at fair value to be the deemed cost at the date of transfer.

As at 31 December 2008, the Group does not have any unprovided contractual obligations for future repairs and maintenance.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 15. INVESTMENT IN SUBSIDIARIES

### In Malaysia

Quoted shares, at cost  
Unquoted shares, at cost

Less: Accumulated impairment loss on a subsidiary

	COMPANY	
	2008 RM'000	2007 RM'000
Quoted shares, at cost	849,384	–
Unquoted shares, at cost	187,227	49,800
	1,036,611	49,800
Less: Accumulated impairment loss on a subsidiary	(49,605)	(49,605)
	987,006	195

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST	
		2008 %	2007 %
<b>i. Subsidiaries of the Company</b>			
– UBG Enterprise Berhad	Dormant	100	100
– Putrajaya Perdana Berhad (“PPB”)	Construction and property development	86	–
– Loh & Loh Corporation Berhad (“LLCB”)*	Civil construction	80	–
– CMS Roads Sdn Bhd (“CMS Roads”)	Road assessment, maintenance and management	100	–
– CMS Pavement Tech Sdn Bhd (“CMS Pavement”)	Road construction	100	–
– Unity Capital International (Cayman) Ltd (“UCI”)	Funds management	51	–
<b>ii. Subsidiaries of Loh &amp; Loh Corporation Berhad</b>			
– Loh & Loh Construction Sdn Bhd*	Building and civil construction and investment holding	100	–
– Loh & Loh Development Sdn Bhd*	Property development and investment holding	100	–
– Water Engineering Technology Sdn Bhd	Trading, contracting and mechanical and electrical engineering related activities	100	–
– Central Icon Sdn Bhd	Investment holding and provision of management services	90	–

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 15. INVESTMENT IN SUBSIDIARIES – CONTINUED

NAME OF SUBSIDIARIES	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST	
		2008 %	2007 %
<b>iii. Subsidiaries of Loh &amp; Loh Construction Sdn Bhd</b>			
– Jutakim Sdn Bhd*	Civil engineering	100	–
– Loh & Loh Sato Kogyo JV Sdn Bhd*	Civil engineering	100	–
– Quality Quarry Sdn Bhd*	Quarry operations	68	–
– Loh & Loh Ikhmas Sdn Bhd*	Civil engineering	70	–
– Sepakat Sempurna Sdn Bhd*	Dormant	100	–
<b>iv. Subsidiary of Loh &amp; Loh Development Sdn Bhd</b>			
– Turf-Tech Sdn Bhd*	Property development	100	–
<b>v. Subsidiaries of Water Engineering Technology Sdn Bhd</b>			
– WET Sales and Service Sdn Bhd	Trading and contracting in water related equipment	100	–
– WET Air Sdn Bhd	Design and supply of air pollution control systems	65	–
<b>vi. Subsidiary of Central Icon Sdn Bhd</b>			
– Ladang Impian Sdn Bhd	Cultivation and selling of agricultural produce and investment holding	100	–
<b>vii. Subsidiaries of Ladang Impian Sdn Bhd</b>			
– Ladang Impian 1 Sdn Bhd	Cultivation and selling of agricultural produce	100	–
– Ladang Impian 2 Sdn Bhd	Cultivation and selling of agricultural produce	100	–
<b>viii. Subsidiary of Ladang Impian 1 Sdn Bhd</b>			
– Pasarakyat Sdn Bhd	Wholesale and retailing	100	–
<b>ix. Subsidiaries of Putrajaya Perdana Berhad</b>			
– Putra Perdana Construction Sdn Bhd	Construction	100	–
– Putra Perdana Development Sdn Bhd	Property development and investment holding	100	–

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 15. INVESTMENT IN SUBSIDIARIES – CONTINUED

NAME OF SUBSIDIARIES	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST	
		2008 %	2007 %
<b>x. Subsidiaries of Putra Perdana Development Sdn Bhd</b>			
– Perdana Land Development Sdn Bhd	Dormant	100	–
– Sarjana Sejati (M) Sdn Bhd	Property development	100	–
– Senandung Budiman Sdn Bhd	Property development and construction	100	–
<b>xi. Subsidiaries of Unity Capital International (Cayman) Ltd</b>			
– Unity Capital (Malaysia) Sdn Bhd	Dormant	100	–
– Unity Capital Management (Singapore) Pte Ltd	Offshore exempt licensed funds manager	100	–

\* Not audited by Ernst & Young

All subsidiaries are incorporated in Malaysia except for Unity Capital International (Cayman) Ltd and Unity Capital Management (Singapore) Pte Ltd which are incorporated in the Cayman Islands and the Republic of Singapore respectively.

The acquisition of CMS Roads and CMS Pavement which met the conditions of a merger were accounted for under the merger method of accounting. In accordance with the merger relief provisions of Section 60(4) of the Companies Act, 1965, the Company recorded its investments in CMS Roads and CMS Pavement at the nominal value of the ordinary shares issued as consideration. On consolidation, the excess of the carrying amount of the investments over the nominal value of the shares acquired were taken to merger reserve except for the portion paid by cash consideration in CMS Roads which were taken to goodwill as the shares were acquired from an external party not under common control.

The effects arising from the acquisition of subsidiaries during the financial year are further disclosed in Note 41.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 16. INVESTMENT IN ASSOCIATE

	GROUP/COMPANY	
	2008	RM
Unquoted shares at cost	81	

NAME OF ASSOCIATE	PLACE OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST	
			2008 %	2007 %
Unity Capital Partners (Cayman) Ltd	Cayman Islands	Portfolio and fund management	25	–

The summarised financial information of the associate is as follows:

	2008
	RM'000
<b>Assets and Liabilities</b>	
Current assets	267
Current liabilities	304
<b>Results</b>	
Revenue	14
Loss for the year	(37)

## 17. LAND HELD FOR PROPERTY DEVELOPMENT

	FREEHOLD LAND* RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
<b>Group</b>				
<b>At 31 December 2008</b>				
Arising from acquisition of subsidiaries	59,453	9,968	21,876	91,297
Additions	–	–	432	432
Transfer to property development costs (Note 24)	(36,397)	–	(1,287)	(37,684)
Recognised in income statement	–	–	(536)	(536)
<b>Carrying Amount at 31 December 2008</b>	<b>23,056</b>	<b>9,968</b>	<b>20,485</b>	<b>53,509</b>

\* This relates to the development land in Precinct 16, Putrajaya where a subsidiary of the Group held as beneficial owner pursuant to the Development Agreement dated 30 January 2004. The land is registered under the name of Putrajaya Holdings Sdn Bhd (formerly a corporate shareholder of Putrajaya Perdana Bhd).

Certain parcels of land held for development have been fair valued by Raine & Horne International Zaki + Partners Sdn Bhd, an independent qualified valuer, in 2008 pursuant to a purchase price allocation exercise undertaken for the acquisition of subsidiaries. The valuation method used was the comparison/residual method to reflect fair value.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 18. INTEREST IN LEASEHOLD LAND

GROUP

2008  
RM'000

### At Valuation:

Arising from acquisition of subsidiaries  
Amortisation for the financial year (Note 7)

5,400  
(195)

### Carrying Amount at 31 December

5,205

Interest in leasehold land arose from the acquisition of a subsidiary and represents the favourable incremental portion of lease rental as compared with the amount paid or incurred by the Group.

The interest in leasehold land was valued in 2008 by Henry Butcher Malaysia Sdn Bhd, an independent qualified valuer using the investment method to reflect fair value.

## 19. PREPAID LAND LEASE PAYMENTS

GROUP

2008  
RM'000

### Long Term Leasehold Land

#### Cost

Arising from acquisition of subsidiaries  
Additions

83  
330

At 31 December

413

#### Accumulated Amortisation

Amortisation for the financial year

–

At 31 December

–

### Net Carrying Amount

413

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 20. a. INTANGIBLE ASSETS

	SOFTWARE RM'000	ORDER BOOK RM'000	TOTAL RM'000
<b>Group</b>			
<b>At 31 December 2008</b>			
<b>Cost</b>			
Arising from acquisition of subsidiaries	245	76,620	76,865
Additions	68	—	68
At 31 December 2008	313	76,620	76,933
<b>Accumulated Amortisation</b>			
Amortisation for the financial year:			
– Recognised in income statement (Note 7)	21	17,869	17,890
– Capitalised in construction contract costs	20	—	20
At 31 December 2008	41	17,869	17,910
<b>Net Carrying Amount</b>	<b>272</b>	<b>58,751</b>	<b>59,023</b>

The order book generally consist of balance billings of existing construction projects that are pending completion, work-in-progress sold and completed projects that were fair valued in relation to acquisition of subsidiaries. The valuation had been undertaken by PricewaterhouseCoopers in 2008 using the income method, specifically the DCF Multiperiod Excess Earnings Method (“MEEM”).

## b. Goodwill on Acquisition

Goodwill arose as a result of acquisition of subsidiaries during the financial year. Goodwill on acquisition is subject to annual impairment review. The directors are of the view that no impairment on goodwill arising from the acquisitions of the 2 public listed group of companies, namely PPB and LLCB, is deemed necessary as at 31 December 2008 as the recoverable amount of the investments in the said subsidiaries, based on their respective share prices as at the balance sheet date, approximate those of the respective acquisition price.

As for the goodwill arising from the acquisition of CMS Roads, the directors, after considering the range of indicative values estimated by KPMG Corporate Advisory Sdn Bhd (“KPMG”) for the subsequent sale consideration pursuant to the Group's proposed internal group reorganisation exercise, are of the view that no impairment is deemed necessary. In arriving at the range of indicative values, the discounted cash flow valuation approach has been adopted by KPMG.

## 21. OTHER LONG TERM INVESTMENTS

	GROUP 2008 RM'000
Unquoted shares at cost	923
Others	378
	1,301
Less: Accumulated impairment losses	(239)
	1,062

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 22. LONG TERM RECEIVABLES

	NOTE	GROUP	
		2008	RM'000
Trade receivables		70,099	
Retention sum receivable on construction contracts		5,264	
	(a)	75,363	
Amount due from Joint Venture partner	(b)	2,892	
		78,255	

- This represents amount due from third party in respect of the construction and completion of a deferred payment scheme project. The amount is repayable in instalments over a period of 3 years.
- This represents a secured advance to a joint venture partner subject to the terms and conditions as stipulated in the Joint Venture Agreement. No development activity has commenced during the financial year.

## 23. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP	
	2008	2007
	RM'000	RM'000
		(RESTATED)
As at 1 January	(838)	(1,089)
Acquisition of subsidiaries	(20,993)	–
Recognised in the income statement (Note 10)	5,817	251
As at 31 December	(16,014)	(838)
Presented after appropriate offsetting as follows:		
Deferred tax assets	13,495	–
Deferred tax liabilities	(29,509)	(838)
	(16,014)	(838)

The availability of the unabsorbed tax losses and unutilised capital allowances for offsetting against future taxable profits of the respective subsidiaries and of the Company is subject to no substantial changes in shareholdings of those subsidiaries and the Company under Section 44(5A) and (5B) of Income Tax Act, 1967.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 23. DEFERRED TAX ASSETS/(LIABILITIES) – CONTINUED

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

### Deferred Tax Assets of the Group

	UNUTILISED CAPITAL ALLOWANCES RM'000	PROVISIONS RM'000	RECEIVABLES RM'000	OTHERS RM'000	TOTAL RM'000
At 1 January 2008	–	–	–	–	–
Acquisition of subsidiaries	61	2,649	8,965	4,364	16,039
Recognised in income statement	(4)	1,496	(800)	(373)	319
At 31 December 2008	57	4,145	8,165	3,991	16,358
At 1 January 2007	–	–	–	–	–
Recognised in income statement	–	–	–	–	–
At 31 December 2007	–	–	–	–	–

### Deferred Tax Liabilities of the Group

	INVESTMENT PROPERTIES RM'000	PROPERTY PLANT & EQUIPMENT RM'000	INTANGIBLE ASSETS RM'000	DEVELOPMENT COSTS RM'000	OTHERS RM'000	TOTAL RM'000
At 1 January 2008	–	(838)	–	–	–	(838)
Acquisition of subsidiaries	(3,767)	(7,741)	(20,246)	(1,775)	(3,503)	(37,032)
Recognised in income statement	–	675	4,467	245	111	5,498
At 31 December 2008	(3,767)	(7,904)	(15,779)	(1,530)	(3,392)	(32,372)
At 1 January 2007 (restated)	–	(1,089)	–	–	–	(1,089)
Recognised in income statement	–	251	–	–	–	251
At 31 December 2007	–	(838)	–	–	–	(838)

Deferred tax assets have not been recognised in respect of the following items:

	GROUP	
	2008 RM'000	2007 RM'000
Unabsorbed tax losses	32,235	31,618
Provisions	32	–
	32,267	31,618

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 24. PROPERTY DEVELOPMENT COSTS

	FREEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
<b>Group</b>			
<b>At 31 December 2008</b>			
<b>Cumulative Property Development Costs</b>			
Arising from acquisition of subsidiaries	26,715	50,200	76,915
Costs incurred during the financial year	–	18,400	18,400
Transfer from land held for property development (Note 17)	36,397	1,287	37,684
Reversal of completed projects	(842)	(7,304)	(8,146)
Unsold units transferred to inventories	(523)	(5,074)	(5,597)
At 31 December 2008	61,747	57,509	119,256
<b>Cumulative Costs Recognised In Income Statement</b>			
Arising from acquisition of subsidiaries	(10,337)	(35,476)	(45,813)
Recognised during the financial year (Note 4)	(3,977)	(12,753)	(16,730)
Reversal of completed projects	842	7,304	8,146
At 31 December 2008	(13,472)	(40,925)	(54,397)
Property development costs at 31 December 2008			64,859

Certain land under property development costs of its subsidiary, Loh & Loh Corporation Berhad, has been charged to a bank to secure a revolving credit facility of RM21,000,000.

## 25. INVENTORIES

	GROUP 2008 RM'000
<b>At Lower of Cost and Net Realisable Value</b>	
Consumables	207
Water related equipment	374
Completed properties held for sale	6,982
	7,563

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 26. AMOUNT DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	GROUP	
	2008 RM'000	2007 RM'000 (RESTATED)
Aggregate cost incurred to date	1,911,375	35,508
Less: Provision for foreseeable losses	(10,000)	–
Attributable profits less recognised losses	182,689	3,142
	2,084,064	38,650
Less: Progress billings	(2,136,695)	(38,691)
	(52,631)	(41)
Represented by:		
Amount due from customers on contracts	26,775	2,026
Amount due to customers on contracts	(79,406)	(2,067)
	(52,631)	(41)
Advance received from contracts (included in trade receivables)	1,764	–

The costs incurred to date on construction contracts include the following charges for the year:

	GROUP	
	2008 RM'000	2007 RM'000 (RESTATED)
Employee benefits expense (inclusive of contributions to defined contribution plan of RM3,694,000 (2007: RM105,000))	39,759	989
Depreciation of property, plant and equipment	6,471	620
Hire of machinery	4,380	300
Rental of premises	848	–

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 27. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
Trade receivables	(b)	400,595	3,555	–	–
Less: Allowance for doubtful debts		(3,891)	(375)	–	–
		396,704	3,180	–	–
Accrued billings in respect of property development costs	(c)	20,581	–	–	–
Retention sums on contracts		77,887	24	–	–
		495,172	3,204	–	–
Deposits		2,971	75	8	5
Other receivables and prepayments		13,593	780	70	495
Amount due from former holding company		–	67,076	–	–
Amount due from former related company		–	84	–	–
Amount due from subsidiaries		–	–	87	–
Less: Allowance for doubtful debts		(1,375)	–	–	–
		510,361	71,219	165	500

### a. Credit Risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit term of trade receivables range from 90 to 120 days (2007: 90 to 120 days). The credit term in respect of its property development activities is approximately 21 (2007: nil) working days in accordance with the Housing Development (Control and Licensing) Act, 1966, whereas the credit term for the construction contracts ranges from 45 to 170 (2007: nil) days. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are non-interest bearing.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

### b. Trade Receivables

The Group's trade receivables are analysed as follows:

	2008 RM'000	2007 RM'000 (RESTATED)
Third parties	400,595	3,555

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 27. TRADE AND OTHER RECEIVABLES – CONTINUED

### c. Accrued Billings In Respect of Property Development Costs

	GROUP	
	2008 RM'000	2007 RM'000
Revenue recognised in income statement to date	81,682	–
Progress billings to date	(61,101)	–
Accrued billings	20,581	–

Other information on financial risks of receivables are disclosed in Note 39.

Related companies and former related companies are described in Note 36.

Amount due from related companies are unsecured, interest free and have no fixed terms of repayment.

## 28. OTHER SHORT TERM INVESTMENTS AND ASSETS CLASSIFIED AS HELD FOR SALE

	GROUP
	2008 RM'000
<b>Other Short Term Investments:</b>	
<b>Investment by Asset Management Companies</b>	
At cost	60,015
Impairment loss	(1,148)
	58,867
<b>Investment In Quoted Shares In Malaysia</b>	
At cost	49,430
Impairment loss	(9)
	49,421
<b>Investment In Unit Trust In Malaysia</b>	
At cost	4,107
Impairment loss	(177)
	3,930
	112,218
<b>Market Value of Investment Held Under/In:</b>	
Assets management companies	58,867
Quoted shares in Malaysia	51,307
Unit trust in Malaysia	3,930

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 28. OTHER SHORT TERM INVESTMENTS AND ASSETS CLASSIFIED AS HELD FOR SALE – CONTINUED

	GROUP		COMPANY	
	2008 RM'000		2008 RM'000	
<b>Assets Classified as Held for Sale:</b>				
At cost	368,000		368,000	
Unrealised loss	(890)		(890)	
	367,110		367,110	

Included in assets classified as held for sale is investment of RM350 million in an unquoted investee. The investments were undertaken by fund managers under discretionary management agreements entered into by the Company during the financial year. Under the discretionary management agreements, investments are undertaken solely at the discretion of the fund managers for the account of the Company and the Company has the option to close the account or redeem the funds by giving 30 – 60 days notice to the fund manager.

Although it is presumed that the Company has significant influence over the investee company by virtue of its 28% equity interest in the investee company, the said investment has been acquired exclusively with a view to its subsequent disposal and is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale is highly probable. Accordingly, as permitted under paragraph 13(a) of FRS 128 Investments in Associates, the investment has not been accounted for using the equity method. The investment is instead measured in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations at the lower of its carrying amount and fair value less costs to sell. The directors, in relying on the work of specialists, are of the view that the carrying amount of the investment as at the balance sheet date has not exceeded its fair value less costs to sell.

## 29. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
Cash on hand and at banks	41,928	8,423	845	275
Deposits with licensed banks	104,527	821,518	52,500	821,100
	146,455	829,941	53,345	821,375

Included in cash and bank balances of the Group are amounts of RM7,494,318 (2007: RM nil) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

Other information on financial risks of deposits, cash and bank balances are disclosed in Note 39.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 29. DEPOSITS, CASH AND BANK BALANCES – CONTINUED

The range of interest rates during the financial year and the range of maturities of deposits as at 31 December were as follows:

	RANGE OF INTEREST RATES		RANGE OF MATURITIES	
	2008 %	2007 %	2008 DAYS	2007 DAYS
Group	2.75 – 3.53	2.66 – 4.00	1 – 31	1 – 92
Company	2.75 – 3.53	2.65 – 3.52	1 – 31	1 – 92

## 30. SHARE CAPITAL

	NO. OF ORDINARY SHARES		AMOUNT	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
<b>Group/Company</b>				
<b>Authorised</b>				
At 1 January (@ RM0.25/RM1.00 each)	6,000,000	1,000,000	1,500,000	1,000,000
Created during the year @ RM1.00 each	–	500,000	–	500,000
Effect of share split (from RM1.00 to RM0.25 each)	–	4,500,000	–	–
At 31 December (@ RM0.25 each)	6,000,000	6,000,000	1,500,000	1,500,000
<b>Issued and Fully Paid</b>				
At 1 January (@ RM0.25/RM1.00 each)	273,104	682,760	68,276	682,760
Ordinary share issued during the year				
– Bonus issue (@ RM1.00 each)	–	682,760	–	682,760
– New issue (@ RM0.25 each)	227,292	–	56,823	–
Effect of share split (from RM1.00 to RM0.05 each)	–	25,944,878	–	–
Capital distribution to shareholders (@ RM0.05 each)	–	(25,944,878)	–	(1,297,244)
Effect of share consolidation (from RM0.05 to RM0.25 each)	–	(1,092,416)	–	–
At 31 December (@ RM0.25 each)	500,396	273,104	125,099	68,276

During the financial year, the Company increased its issued and paid up capital from RM68,275,995 to RM125,098,995 via the issuance of:

- 44,652,000 new ordinary shares of RM0.25 each at an issue price of RM2.50 per share to PPES Works (Sarawak) Sdn Bhd (“PPES”) for the acquisition of CMS Roads and CMS Pavement.
- 182,640,800 new ordinary shares of RM0.25 each for cash pursuant to a restricted issue to Majestic Masterpiece Sdn Bhd (“MMSB”) at an issue price of RM2.50 per share.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 31. RESERVES

### a. Share Premium

The share premium account records the amount in excess of par value of ordinary shares issued.

### b. Translation Reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### c. Retained Earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

As at 31 December 2008, the Company will be able to distribute dividends out of its entire retained earnings without incurring any additional tax liability.

### d. Revaluation Reserve

The asset revaluation reserve is used to record increases in the fair value of buildings on freehold land and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

## 32. BORROWINGS

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
<b>Short Term Borrowings</b>				
Secured:				
– Term loan	31,995	–	–	–
– Hire purchases (Note 33)	1,051	100	–	51
	33,046	100	–	51
Unsecured:				
– Bank overdrafts	184	25	–	–
– Revolving credits	35,000	–	–	–
– Banker acceptance	16,750	–	–	–
	51,934	25	–	–
	84,980	125	–	51

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 32. BORROWINGS – CONTINUED

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
<b>Long Term Borrowings</b>				
Secured:				
– Term loan	69,010	–	–	–
– Hire purchases (Note 33)	747	135	–	76
	69,757	135	–	76
<b>Total Borrowings</b>				
Bank overdrafts	184	25	–	–
Revolving credits	35,000	–	–	–
Banker acceptance	16,750	–	–	–
Term loan	101,005	–	–	–
Hire purchases	1,798	235	–	127
	154,737	260	–	127

The term loan was obtained to part-finance the construction and completion of a construction project. The term loan is secured by the legal assignment over all the proceeds receivable in respect of the contract.

The effective weighted average interest rates at balance sheet date were as follows:

	GROUP		COMPANY	
	2008 %	2007 %	2008 %	2007 %
Bank overdrafts	7.75	7.75	–	–
Banker acceptance	4.43	–	–	–
Revolving credits	5.30	–	–	–
Term loan	5.47	–	–	–
Hire purchases	3.05	3.99	–	4.18

Other information on financial risks of borrowings are disclosed in Note 39.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 33. HIRE PURCHASES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
<b>Future Minimum Lease Payments</b>				
Not later than 1 year	1,128	110	–	56
Later than 1 year but not later than 2 years	801	102	–	55
Later than 2 years but not later than 5 years	–	38	–	23
Less: Future finance charges	(131)	(15)	–	(7)
<b>Present Value of Hire Purchases</b>	<b>1,798</b>	<b>235</b>	<b>–</b>	<b>127</b>
<b>Analysis of Present Value of Hire Purchases</b>				
Not later than 1 year	1,051	100	–	51
Later than 1 year but not later than 2 years	747	97	–	53
Later than 2 years but not later than 5 years	–	38	–	23
	<b>1,798</b>	<b>235</b>	<b>–</b>	<b>127</b>
Less: Amount due within 12 months (Note 32)	(1,051)	(100)	–	(51)
Amount due after 12 months (Note 32)	747	135	–	76

## 34. TRADE AND OTHER PAYABLES

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000 (RESTATED)	2008 RM'000	2007 RM'000
Trade payables	(a)	291,368	3,366	–	–
Amount due to related parties		1,500	–	–	–
Progress billings in respect of property development costs		233	–	–	–
Retention sums on contracts		73,633	–	–	–
		<b>366,734</b>	<b>3,366</b>	<b>–</b>	<b>–</b>
Other payables		6,624	154	2,322	110
Accruals and provisions	(b)	38,190	13,745	16,865	9,435
Amount due to former holding company		22	–	22	27
Amount due to subsidiaries		–	–	28,385	–
Amount due to related companies		–	3,927	–	–
Provision for warranty	(c)	6,318	–	–	–
		<b>417,888</b>	<b>21,192</b>	<b>47,594</b>	<b>9,572</b>

Related companies, former holding company and former related companies are described in Note 36. Amount due to former holding company and related companies are unsecured, interest free and have no fixed terms of repayment.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 34. TRADE AND OTHER PAYABLES – CONTINUED

### a. Trade Payables

The normal trade credit terms granted to the Group range from 14 to 120 (2007: 14 to 120) days.

### b. Accruals and Provisions

Included in accruals and provisions are provisions amounting to RM16,177,317 for litigation claims made by Merrill Lynch (Singapore) Pte Ltd against the Company as further explained in Note 43 and retirement benefit of RM545,000 (2007: RM nil) details of which are disclosed in Note 35(a).

### c. Provisions

#### Provision for Warranties

Arising from acquisition of a subsidiary

Additional provision during the financial year

Utilisation of provision during the financial year

At 31 December

GROUP

2008  
RM'000

4,989

1,445

(116)

6,318

Provision for warranties is in respect of construction projects undertaken by one of its newly acquired subsidiary during the year. A provision is recognised for expected or estimated repair costs for making good certain defects during the warranty periods.

Other information on financial risks of payables are disclosed in Note 39.

## 35. EMPLOYEE BENEFITS

### a. Retirement Benefit Obligations

The Group does not contribute to any funded, defined benefit scheme except for its newly acquired subsidiary, PPB which contributes to a funded, defined benefit scheme known as the Putrajaya Retirement Benefit Scheme ("the Scheme") for its eligible employees. Contributions to the Scheme are to be made to a separately administered fund. Under the Scheme, eligible employees are entitled to one month of the final or last drawn salary for each completed year of service with the PPB Group upon attainment of the retirement age of 55 years. For the employees who leave before attaining the retirement age, the retirement benefit will be computed based on the scale rate stipulated in the Scheme.

The financial position of the Scheme is subject to review by an independent actuary not less than once in every three years.

#### i. Balance Sheet

Present value of funded obligations

Fair value of plan assets

Unrecognised actuarial losses

Net liability

GROUP

2008  
RM'000

10,054

(7,146)

2,908

(2,363)

545

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 35. EMPLOYEE BENEFITS – CONTINUED

### a. Retirement Benefit Obligations – Continued

#### i. Balance Sheet – Continued

The movement in the present value of the defined benefit obligations over the financial year is as follows:

	GROUP 2008 RM'000
Arising from acquisition of a subsidiary	8,830
Current service cost	326
Interest cost	139
Actuarial losses	1,144
Benefits paid by the plan	(385)
At 31 December	10,054

The movement in the fair value of the plan assets over the financial year is as follows:

	GROUP 2008 RM'000
Arising from acquisition of a subsidiary	6,701
Expected return on plan assets	78
Contributions by the employer	750
Benefits paid by the plan	(385)
Actuarial gain	2
At 31 December	7,146

The Group expects to contribute approximately RM960,000 to the defined benefit plans in 2009.

The fair value of the plan assets as at the financial year end consist of the following:

	GROUP 2008 RM'000
Investment in Malaysian Government Securities	1,601
Deposits with licensed banks	4,940
Others	605
	7,146

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 35. EMPLOYEE BENEFITS – CONTINUED

### a. Retirement Benefit Obligations – Continued

#### ii. Income Statement

The amounts recognised in the income statements are as follows:

	GROUP
	2008 RM'000
Current service cost	326
Interest cost	139
Expected return on plan assets	(78)
Actuarial gain	(150)
Amortisation of net loss	3
Total, included in employee benefits expense (Note 8)	240

The total amount recognised in the income statements has been included under administrative expenses.

#### iii. Actuarial Assumptions

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	GROUP
	2008 %
Discount rate	5.50
Expected return on plan assets	3.00
Future salary increases	4.00

The expected long-term rates of return on plan assets are based on long-term expected inflation, interest rates, risk premiums and targeted asset class allocations. These estimates take into consideration historical asset class returns and are determined together with the plans' investment and actuarial advisors.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 35. EMPLOYEE BENEFITS – CONTINUED

### a. Retirement Benefit Obligations – Continued

#### iv. Historical Information

The historical experience adjustments are as follows:

	GROUP
	2008 RM'000
Present value of defined benefit obligations	10,054
Fair value of plan assets	(7,146)
Deficit	2,908
Experience adjustments on plan liabilities	1,382
Experience adjustments on plan assets	19

In accordance with the transitional provisions for the Amendment to FRS 119<sub>2004</sub> "Employee Benefit – Actuarial Gains and Losses, Group Plans and Disclosures", the disclosures above are made prospectively from the financial year ended 31 December 2008.

### b. Employee Share Option Scheme ("ESOS")

The Employee Share Option Scheme ("ESOS") of PPB is governed by the ESOS By-Laws approved by the shareholders at an Extraordinary General Meeting held on 22 August 2006. The ESOS was implemented on 13 October 2006 and is to be in force for five (5) years, and may be extended by PPB for a further maximum period of five (5) years.

The salient details of the ESOS are as follows:

- i. The Options Committee, appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible persons of the PPB Group to subscribe for new ordinary shares of RM0.50 each in PPB.
- ii. Subject to the discretion of the Options Committee, any employee whose employment has been confirmed and the directors shall be eligible to participate in the ESOS provided that the offer and consequent allotment of new shares to such employees and directors, shall, if required by the relevant authorities, have first been approved by the shareholders of PPB in general meeting.
- iii. The total number of shares to be issued under the ESOS shall not exceed in aggregate 15% of the issued share capital of PPB at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of PPB.
- iv. Where the option were granted pursuant to the Initial Public Offering ("IPO"), the option share price shall not be less than the IPO price, while the option price for each share of the subsequent grant shall be the weighted average of the market price as quoted in the Daily Official List issued by Bursa Securities for the 5 market days immediately preceding the date on which the option is granted less, if the Options Committee shall so determine at their discretion from time to time, a discount of not more than 10% or the par value of the shares of PPB, whichever is higher.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 35. EMPLOYEE BENEFITS – CONTINUED

### b. Employee Share Option Scheme (“ESOS”) – Continued

- v. The options shall become exercisable once granted. The employees’ entitlements to the options are vested as soon as they become exercisable.
- vi. All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of PPB other than the new shares so issued shall not be entitled to any dividends rights, allotments or any other distribution declared, made or paid to shareholders, the record date for which precedes the date of allotment of new shares.
- vii. The persons to whom the options have been granted have no right to participate by virtue of the options, in any share issue of any other company within the PPB Group unless otherwise provided or approved by the committee.

The fair value of share options granted during the previous financial year was estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

Weighted average share price (RM)	1.74
Weighted average exercise price (RM)	1.80
Expected volatility (%)	23.00
Expected life (years)	4.98
Risk free rate (%)	3.61
Expected dividend yield (%)	4.96

The expected volatility reflects the assumption of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

The following table illustrates the number and movements in share options with exercise price of RM1.80 during the financial year:

OUTSTANDING AT THE DATE OF ACQUISITION '000	NO. OF SHARE OPTIONS				OUTSTANDING AT 31.12.2008 '000
	MOVEMENT DURING THE FINANCIAL YEAR				
	GRANTED '000	EXERCISED '000	FORFEITED '000	EXPIRED '000	
173	–	(53)	–	–	120

Options exercised during the financial year resulted in the issuance of 436,000 ordinary shares of PPB at RM1.80 each. The weighted average share price at the date of exercise was RM4.43.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 36. RELATED PARTY DISCLOSURES

- a. In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with its related parties during the financial year:

	COMPANY	
	2008 RM	2007 RM
Former holding company Cahaya Mata Sarawak Bhd – Rental income paid	264,000	479,000
Subsidiaries Unity Capital Management (S) Pte Ltd – Management fee paid	289,754	–
CMS Roads Sdn Bhd – Interest income*	581,320	–
CMS Pavement Tech Sdn Bhd – Interest income*	57,107	–
UBG Enterprise Sdn Bhd – Interest income*	5,827	–

\* Arising from Central Cash Management

The directors are of the opinion that all the transactions have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed between the parties.

## b. Compensation of Key Management Personnel

The remuneration of directors and other members of key management during the financial year was as follows:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term employee benefits	1,838	2,447	1,706	2,447
Post-employment benefits: Defined contribution plan	73	43	73	43
	1,911	2,490	1,779	2,490

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 37. SEGMENTAL INFORMATION

### Reporting Format

The operating businesses are organised and managed separately according to the nature of the products, with each segment representing a strategic business unit that offers different products and serves different markets.

Pursuant to the new acquisitions during the year, the segment revenue and segment results for the financial year ended 31 December 2008 are as follows:

Construction	– building and civil construction and mechanical and electrical engineering related activities
Property development	– investment in land and the development of residential and commercial properties
Investments	– investment holding and cash reserves deposited with financial institutions
Quarry and trading	– quarry operations, trading in water related equipment, wholesale and retailing

### Allocation Basis and Transfer Pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are mutually agreed with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 37. SEGMENTAL INFORMATION – CONTINUED

### Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	CONSTRUCTION CONTRACTS RM'000	PROPERTY DEVELOPMENT RM'000	INVESTMENTS RM'000	QUARRY & TRADING RM'000	TOTAL RM'000	ELIMINATION RM'000	CONSOLIDATED RM'000
<b>At 31 December 2008</b>							
<b>Revenue</b>							
External sales	489,913	21,828	16,775	7,735	536,251	–	536,251
Inter-segment sales	23,225	–	546	949	24,720	(24,697)	23
Total revenue	513,138	21,828	17,321	8,684	560,971	(24,697)	536,274
<b>Results</b>							
Segment results	59,357	(8,142)	(17,697)	14,308	47,826	(27,318)	20,508
Finance costs							(2,711)
Share of profit of associate							1,498
Income tax expense							(12,372)
Net profit for the year							6,923
<b>Assets</b>							
Segment assets	908,165	206,331	1,588,892	20,848	2,724,236	(639,894)	2,084,342
Unallocated assets							8,502
Total assets							2,092,844
<b>Liabilities</b>							
Segment liabilities	588,794	97,125	48,391	3,243	737,553	(116,194)	621,359
Unallocated liabilities							65,190
Total liabilities							686,549
<b>Other Information</b>							
Capital expenditure	3,527	17	2,390	–	5,934	–	5,934
Depreciation	2,356	145	206	34	2,741	20	2,761
– Income statement	1,776	–	–	–	1,776	–	1,776
– Capitalised in contract work in progress	18,085	–	–	–	18,085	–	18,085
Amortisation							
Other significant non-cash expenses:							
– Provisions	10,388	15	–	–	10,403	–	10,403

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 37. SEGMENTAL INFORMATION – CONTINUED

Business Segments – Continued

	CONSTRUCTION CONTRACTS RM'000	PROPERTY DEVELOPMENT RM'000	INVESTMENTS RM'000	QUARRY & TRADING RM'000	TOTAL RM'000	ELIMINATION RM'000	DISCONTINUED OPERATIONS, BANKING & FINANCIAL SERVICES RM'000	CONSOLIDATED RM'000
<b>At 31 December 2007 (restated)</b>								
<b>Revenue</b>								
External sales	101,362	–	36,805	–	138,167	–	–	138,167
Total revenue	101,362	–	36,805	–	138,167	–	–	138,167
<b>Results</b>								
Segment results	19,857	–	31,958	–	51,815	–	998,065	1,049,880
Finance costs								(3,900)
Income tax expense								(14,262)
Net profit for the year								1,031,718
<b>Assets</b>								
Segment assets	90,270	–	822,489	–	912,759	–	–	912,759
Total assets								912,759
<b>Liabilities</b>								
Segment liabilities	13,841	–	9,678	–	23,519	–	–	23,519
Unallocated liabilities	2,013	–	3,585	–	5,598	–	–	5,598
Total liabilities								29,117
<b>Other Information</b>								
Capital expenditure	3,683	–	–	–	3,683	–	18,570	22,253
Depreciation	1,590	–	99	–	1,689	–	33,264	34,953
– Income statement	620	–	–	–	620	–	–	620
– Capitalised in contract work in progress								
Other significant non-cash expenses:								
– Provisions	–	–	9,434	–	9,434	–	–	9,434

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 38. COMMITMENTS AND CONTINGENCIES

### a. Capital Commitments

Capital expenditure  
 Approved and contracted for: Property, plant and equipment  
 Approved but not contracted for: Property, plant and equipment

GROUP	
2008 RM'000	2007 RM'000 (RESTATED)
245	708
11,878	2,109
12,123	2,817

### b. Contingent Liabilities (Unsecured)

In the ordinary course of business, the Group's subsidiaries have given guarantees to banks as securities for bank guarantee facilities as set out below:

Performance/tender guarantees granted to customers

GROUP	
2008 RM'000	2007 RM'000
67,065	–

In addition to the contingent liabilities disclosed above, details of the other contingent liability are disclosed in Note 43.

## 39. FINANCIAL INSTRUMENTS

### a. Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The Group has no trading in derivative financial instruments.

### b. Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's investments in financial assets are mainly short term in nature and are not held for speculative purposes and include funds in fixed deposit or funds in asset management companies which yield better returns than cash at bank.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 39. FINANCIAL INSTRUMENTS – CONTINUED

### b. Interest Rate Risk – Continued

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Interest on financial instruments subject to floating interest rates is contractually reprised in the event of any changes to the market interest rates. Interest on financial instruments at fixed rates are fixed until the maturity of the instrument.

### c. Foreign Currency Risk

The Group operates domestically and there were no foreign currency financial facilities obtained by the Group for the financial year ended 31 December 2008 except for its subsidiaries which are exposed to transactional currency risk through transactions that are denominated in a currency other than the functional currency of the operations to which they relate. Foreign exchange exposures in transactional currency other than functional currency of the operating entities are kept to an acceptable level. The financial assets and liabilities of the Group that are not denominated in their functional currency are as follows:

	GROUP
	RM'000
<b>As at 31 December 2008</b>	
Property, plant and equipment	
– United Arab Emirates Dirham	354
Intangible assets	
– United Arab Emirates Dirham	1
Trade receivables	
– US Dollar	789
– Australian Dollar	130
– Singapore Dollar	307
– Philippines Peso	38
	1,264
Other debtors, deposits and prepayments	
– United Arab Emirates Dirham	309
Short term deposits	
– United Arab Emirates Dirham	1,171
Cash and bank balances	
– United Arab Emirates Dirham	364
Trade payables	
– US Dollar	32
– Euro	36
	68
Other creditors and accruals	
– United Arab Emirates Dirham	(83)

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 39. FINANCIAL INSTRUMENTS – CONTINUED

### c. Foreign Currency Risk – Continued

The Group's subsidiary entered into forward foreign exchange contracts to manage its exposure on foreign currency cash flows generated from anticipated transactions denominated in foreign currencies. In general, the policy is to enter into forward foreign exchange contracts for up to 100% of such anticipated payments.

HEDGED ITEMS	CURRENCY TO BE RECEIVED	CURRENCY TO BE PAID	RM EQUIVALENT	CONTRACTUAL RATE
<b>2008</b>				
Future purchases of materials				
–SEK 546,800	RM	Swedish Krona (SEK)	248,794	1SEK: RM0.46
–GBP 37,049	RM	Pound Sterling (GBP)	194,484	1GBP: RM5.25

### d. Liquidity Risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

### e. Credit Risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group has no significant concentration of credit risk other than those receivables and funds as analysed in Note 27 and Note 28 to the financial statements. The Group's maximum exposure to credit risk, in the event that the counterparty to the transaction with the Group fails to perform its obligation as of 31 December 2008, is the carrying amount of these financial assets as indicated in the balance sheet.

### f. Fair Values

The carrying amount of the Group's financial assets and liabilities as at the balance sheet date approximated to their fair values except for the following:

	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
<b>As at 31 December 2008</b>		
Long term receivable on construction contracts	75,363	70,303
Term loan – long term portion	69,010	65,915
Hire purchases – long term portion	747	697
<b>As at 31 December 2007</b>		
Hire purchases – long term portion	135	127

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 40. JOINTLY CONTROLLED ENTITY

Details of an unincorporated joint venture held by a subsidiary are as follows:

NAME OF JOINTLY CONTROLLED ENTITY	EFFECTIVE INTEREST 2008	PRINCIPAL ACTIVITY
Water Engineering Technology Sdn Bhd – Envitech Sdn Bhd JV	40%	To undertake project management in relation to sewage treatment plants and related activities

The Group's aggregate share of the assets, liabilities, income and expenses of the jointly controlled entity is as follows:

	GROUP 2008 RM'000
Current assets	4,180
Current liabilities	(1,227)
Net assets	2,953
Revenue	5,442
Expenses	3,781

## 41. ACQUISITION OF SUBSIDIARIES AND CHANGES IN COMPOSITION OF THE GROUP

### a. CMS Roads Sdn Bhd

On 2 July 2008, the Company completed the acquisition of the entire equity interest in CMS Roads from PPES Works (Sarawak) Sdn Bhd ("PPES") and Sarawak Economic Development Board ("SEDC") for a total purchase consideration of RM123.0 million satisfied via the issuance of 39,852,000 new Company's shares to PPES at RM2.50 per Company's share and a cash consideration of RM23.37 million to SEDC.

The principal activity of CMS Roads is to carry on the business of road assessment, maintenance and management.

The Group applied merger accounting for its acquisition of 81% equity interest in CMS Roads from PPES, taking into account the subsidiary's revenue and profit as if the acquisition had occurred from the date the Company and CMS Roads first came under common control of the controlling party. Accordingly, the consolidated income statements and consolidated cash flow statements for the years ended 31 December 2007 and 31 December 2008 were prepared as if this structure of the Company and CMS Roads had been in existence throughout the periods. The consolidated balance sheets as at 31 December 2007 and 31 December 2008 were prepared to present the assets and liabilities of the Group as at 31 December 2007 and 31 December 2008 as if the above structure had been in existence at those dates.

As for the balance of 19% equity interest acquired from SEDC for cash, the Group applied the purchase method of accounting, which resulted in a goodwill being recognised amounting to RM10,526,000.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 41. ACQUISITION OF SUBSIDIARIES AND CHANGES IN COMPOSITION OF THE GROUP – CONTINUED

### a. CMS Roads Sdn Bhd – Continued

The merger of the Company and its subsidiary was effected as follow:

	NO. OF ORDINARY SHARES '000	AMOUNT RM'000
Nominal amount of shares issued (@ RM0.25 each)	39,852	9,963
Nominal amount of shares acquired (@ RM1.00 each)	1,000	1,000

The results of the subsidiary that have been accounted for in the consolidated income statement under the merger method of accounting are as follows:

	2008 RM'000	2007 RM'000
Revenue	94,395	91,213
Profit before tax	16,996	19,314
Net profit for the year	12,269	15,643

The amounts of assets and liabilities contributed by the subsidiary as at the balance sheet date were as follows:

	2008 RM'000	2007 RM'000
Property, plant and equipment	5,520	6,071
Prepaid land lease payments	331	–
Short term investments	49,283	–
Trade and other receivables	12,637	2,158
Amount owing from ultimate holding company	–	55,047
Amount owing from/(to) holding company	22,836	(1,125)
Amount owing to related companies	–	(1,111)
Cash and short term funds	115	8,115
Borrowings	(242)	(133)
Deferred tax liabilities	(146)	(320)
Trade and other payables	(16,509)	(6,666)
Current tax payable	(695)	(1,175)
	73,130	60,861

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 41. ACQUISITION OF SUBSIDIARIES AND CHANGES IN COMPOSITION OF THE GROUP – CONTINUED

### b. CMS Pavement Tech Sdn Bhd

Further to the acquisition of CMS Roads, the Company issued out 4,800,000 new shares at RM2.50 each to acquire the entire equity interest in CMS Pavement from PPES for a total purchase consideration of RM12.0 million on 2 July 2008.

The principal activity of CMS Pavement is to carry on the business of road construction.

The Group applied merger accounting, taking in the subsidiary's revenue and profit as if the acquisition had occurred from the date the Company and CMS Pavement first came under common control of the controlling party. Accordingly, the consolidated income statements and consolidated cash flow statements for the years ended 31 December 2007 and 31 December 2008 were prepared as if this structure of the Company and CMS Pavement had been in existence throughout the periods. The consolidated balance sheets as at 31 December 2007 and 31 December 2008 were prepared to present the assets and liabilities of the Group as at 31 December 2007 and 31 December 2008 as if the above structure had been in existence at those dates.

The merger of the Company and its subsidiary was effected as follow:

	NO. OF ORDINARY SHARES '000	AMOUNT RM'000
Nominal amount of shares issued (@ RM0.25 each)	4,800	1,200
Nominal amount of shares acquired (@ RM1.00 each)	5,000	5,000

The results of the subsidiary that have been accounted for in the consolidated income statement under the merger method of accounting are as follows:

	2008 RM'000	2007 RM'000
Revenue	14,274	10,150
Profit before tax	684	528
Net profit for the year	578	250

The amounts of assets and liabilities contributed by the subsidiary as at the balance sheet date were as follows:

	2008 RM'000	2007 RM'000
Property, plant and equipment	2,238	2,773
Trade and other receivables	11,120	3,429
Amount owing from ultimate holding company	–	6,584
Amount owing from holding company	5,125	5,460
Amount owing to related companies	–	(1,597)
Cash and short term funds	105	29
Deferred tax liabilities	(259)	(518)
Trade and other payables	(4,531)	(3,115)
Current tax recoverable	335	510
	<b>14,133</b>	<b>13,555</b>

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 41. ACQUISITION OF SUBSIDIARIES AND CHANGES IN COMPOSITION OF THE GROUP – CONTINUED

### c. Putrajaya Perdana Berhad

On 25 July 2008, the Company acquired a 49.21% equity interest in PPB from Swan Symphony Sdn Bhd at RM4.85 per PPB share totalling approximately RM332.7 million. Pursuant to this initial acquisition, the Company made a mandatory offer to acquire all the remaining ordinary shares in PPB not already held by the Company at RM4.85 per share. On 12 September 2008, the Company had completed its mandatory offer by acquiring in total 125,243,974 shares in PPB which represented 89.55% equity stake in PPB.

PPB was incorporated in July 1998 and is listed on the Main Board of Bursa Malaysia Securities Berhad. Its principal activities are investment holding, construction and property development.

The acquisition contributed a revenue and net profit of RM311.6 million and RM10.26 million respectively to the Group from 1 August 2008 to 31 December 2008.

In compliance with Paragraph 8.15(1) of the Listing Requirements, the Company had subsequently disposed of 5,132,000 shares in PPB at RM4.88 per PPB share on 10 October 2008 which resulted in a reduction of 3.70% equity stake in PPB to 85.85%. This minor reduction has minimal impact on the results of the Group. The disposal resulted in a reduction in the Group's goodwill by RM17,669,000.

The fair values of net assets acquired have been determined provisionally as they are based on appraisals that are subject to confirmation of certain facts. The following are the provisional fair values of the net assets acquired, goodwill and cashflow arising from the acquisition:

	CARRYING VALUE (PRIOR TO ACQUISITION) RM'000	PROVISIONAL FAIR VALUE (UPON ACQUISITION) RM'000
Intangible assets	245	46,998
Non-current assets	87,121	107,544
Current assets	566,230	537,069
Current liabilities	(476,866)	(476,866)
Non-current liabilities	(1,300)	(16,099)
Net assets	175,430	198,646
Minority interests	(18,324)	(20,749)
Net assets acquired	157,106	177,897
Purchase consideration settled in cash	608,699	
Cash and cash equivalents in subsidiary acquired	(8,817)	
Cash outflow on acquisition	599,882	

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 41. ACQUISITION OF SUBSIDIARIES AND CHANGES IN COMPOSITION OF THE GROUP – CONTINUED

### c. Putrajaya Perdana Berhad – Continued

The goodwill is calculated as follows:

	PROVISIONAL FAIR VALUE RM'000
Purchase consideration:	
Cash paid	607,433
Direct costs relating to acquisition	1,266
Total purchase consideration	608,699
Net assets acquired	(177,897)
Share of profit as an associate	598
Goodwill on acquisition	431,400

### d. Loh & Loh Corporation Berhad

On 25 July 2008, the Company acquired a 37.56% equity interest in LLCB from Binary Bestari Sdn Bhd at RM4.85 per LLCB share totalling approximately RM123.9 million. Pursuant to this initial acquisition, the Company made a mandatory offer to acquire all the remaining ordinary shares in LLCB not already held by the Company at RM4.85 per share. On 9 September 2008, the Company had completed its mandatory offer by acquiring in total 57,954,775 shares in LLCB which represented 85.23% equity stake in LLCB.

The principal activities of LLCB are investment holding and civil construction. LLCB is listed on the Bursa Malaysia Securities Berhad.

LLCB contributed a revenue of RM99.33 million and net profit of RM10.95 million to the Group for the period from 1 August 2008 to 31 December 2008.

In compliance with Paragraph 8.15(1) of the Listing Requirements, the Company had subsequently disposed of 3,338,000 shares in LLCB at RM4.88 per LLCB share on 10 October 2008 which resulted in a reduction of 4.91% equity stake in LLCB to 80.32%. This minor reduction has minimal impact on the results of the Group. The disposal resulted in a reduction in the Group's goodwill by RM6,536,000.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 41. ACQUISITION OF SUBSIDIARIES AND CHANGES IN COMPOSITION OF THE GROUP – CONTINUED

### d. Loh & Loh Corporation Berhad – Continued

The fair values of net assets acquired have been determined provisionally as they are based on appraisals that are subject to confirmation of certain facts. The following are the provisional fair values of the net assets acquired, goodwill and cashflow arising from the acquisition:

	CARRYING VALUE (PRIOR TO ACQUISITION) RM'000	PROVISIONAL FAIR VALUE (UPON ACQUISITION) RM'000
Intangible assets	–	29,867
Non-current assets	101,973	105,664
Current assets	206,837	202,719
Current liabilities	(119,743)	(119,743)
Non-current liabilities	(4,538)	(19,897)
Net assets	184,529	198,610
Minority interests	(27,264)	(29,344)
Net assets acquired	157,265	169,266
Purchase consideration settled in cash	281,850	
Cash and cash equivalents in subsidiary acquired	(80,556)	
Cash outflow on acquisition	201,294	

The goodwill is calculated as follows:

	PROVISIONAL FAIR VALUE RM'000
Purchase consideration:	
Cash paid	281,081
Direct costs relating to acquisition	769
Total purchase consideration	281,850
Net assets acquired	(169,266)
Share of profit as an associate	900
Goodwill on acquisition	113,484

### e. Unity Capital International (Cayman) Ltd (“UCI”)

On 23 May 2008, the Company subscribed for 51 new ordinary shares of USD1.00 each in UCI (“UCI shares”) representing 51% equity interest in the issued and paid-up share capital of UCI, for a total consideration of USD51.00.

UCI in turn holds a 100% equity interest in Unity Capital Management (Singapore) Pte Ltd (“Unity Singapore”), a private limited company incorporated in Singapore.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 42. MATERIAL EVENTS SUBSEQUENT TO BALANCE SHEET DATE

- a. There are no material events subsequent to the balance sheet date that have not been reflected in the financial statements for the year under review except for the following:

On 26 February 2009, the Company entered into a conditional share sale agreement with PPB for the proposed disposal of:

- i. 1,000,000 ordinary shares of RM1.00 each in CMS Roads representing 100% of the issued and paid-up share capital of CMS Roads; and
- ii. 5,000,000 ordinary shares of RM1.00 each in CMS Pavement representing 100% of the issued and paid-up share capital of CMS Pavement;

at an aggregate cash consideration of RM75 million.

Details of the above corporate proposal are disclosed in Note 44 to the financial statements.

### b. Dividend

During the financial year, the Group's subsidiary invested RM50,045,126 in the BULL-ELI investments from a licensed bank. On 30 December 2008, the subsidiary redeemed the BULL-ELI investments and entered into a discretionary management agreement ("DMA") with CMS Trust Management Sdn Bhd ("CMS Trust") to manage the cash and investments (including shares and securities) of the subsidiary.

The investment portfolio under the DMA with CMS Trust has been earmarked as dividend payable to the Company together with subsidiary's cash of RM9,954,874.

On 26 February 2009, the investment portfolio valued at RM45,816,160 and cash totalling RM9,954,874 has been paid to the Company.

## 43. MATERIAL LITIGATION

Merrill Lynch (Singapore) Pte Ltd ("MLS") filed an action against the Company under Suit No. 681 of 2008/A ("the Action") in the High Court of the Republic of Singapore ("the Court") on 24 September 2008.

The Action arises from the same dispute with MLS which the Company had disclosed as a contingent liability in its audited financial statements for the financial year ended 31 December 2007.

The salient details of the Action and its status are as follows:

The Writ of Summons and Statement of Claim were filed by MLS on 23 September 2008. MLS's claim is for the sum of USD4,392,453.70 or alternatively, the sum of RM14,898,104.84 together with interest pursuant to section 12 of the Singapore Civil Law Act (Cap.43), costs and any other relief as the Court deems fit. MLS's claim is in relation to fees which are allegedly owed to MLS arising from their provision of financial advisory services to the Company pursuant to a financial services agreement dated 27 June 2006 entered into between the Company and MLS.

The Company's solicitors, Messrs. Rajah & Tann LLP, has filed a Defence with the Court on 16 October 2008. MLS has filed their Reply to the Company's Defence on 30 September 2008.

On 10 December 2008, Messrs. Rajah & Tann LLP was served with MLS's application for summary judgement in the Action ("the Summons"). The hearing of the Summons was heard before the Assistant Registrar of the Court on Monday, 12 January 2009 but was subsequently adjourned to Monday, 2 February 2009.

On 2 February 2009, the Assistant Registrar gave the Company leave to defend the Suit on the condition that the Company provides security for the quantum of MLS's claim less any sum withheld for tax purposes within 28 days of the said order, failing which judgement may be entered by MLS against the Company with interest on the judgement sum at the rate of 5.33% per annum and costs to be agreed or taxed.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 43. MATERIAL LITIGATION – CONTINUED

The Company intends to continue with its defense of the Action. MLS has appealed against the decision of the Assistant Registrar to give the Company conditional leave to defend the Action.

The Company has subsequently filed a cross-appeal seeking unconditional leave to defend the Action. Both appeals were originally fixed to be heard on 8 April 2009 but have been subsequently adjourned to 21 April 2009.

## 44. STATUS OF CORPORATE PROPOSAL

### i. Regularisation Scheme (PN17)

The Regularisation Scheme to acquire sustainable companies to fulfill its core business requirements and remove the Company from being an “Affected Listed Issuer” under Practice Note 17 of the Listing Requirements announced on 31 January 2008 has since been completed on 12 September 2008 following:

- a. the completion of the acquisitions of CMS Roads and CMS Pavement on 2 July 2008;
- b. the completion of the initial acquisitions of PPB and LLCB on 25 July 2008;
- c. the completion of the Restricted Issue on 31 July 2008;
- d. the completion of the mandatory offer (“MO”) by the Company pursuant to the acquisition of LLCB, on 9 September 2008; and
- e. the completion of the MO by the Company pursuant to the acquisition of PPB, on 12 September 2008.

As at 16 December 2008, the Company had regularised its financial condition and no longer triggers any of the criteria under Paragraph 2.1 of Practice Note 17/2005.

### ii. Disposal of CMS Roads Sdn Bhd and CMS Pavement Tech Sdn Bhd

On 26 February 2009, the Company announced that it has entered into a conditional share sale agreement with PPB for the proposed disposal by the Company of:

- 1,000,000 ordinary shares of RM1.00 each in CMS Roads, representing 100% of the issued and paid-up share capital of CMS Roads; and
- 5,000,000 ordinary shares of RM1.00 each in CMS Pavement, representing 100% of the issued and paid-up share capital of CMS Pavement;

at an aggregate cash consideration of RM75 million (“Proposed Disposal”).

The shares in CMS Roads and CMS Pavement proposed to be disposed of by the Company are collectively referred to as the “Sale Shares”.

The salient terms of the conditional share sale agreement in respect of the Proposed Disposal (“SSA”) are as follows:

#### i. Sale and purchase of the sale shares

Subject to the terms of the SSA, the Company shall, as the legal and beneficial owner of the Sale Shares, sell the Sale Shares and PPB shall purchase the Sale Shares free from all encumbrances together with all rights attaching to them.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 44. STATUS OF CORPORATE PROPOSAL – CONTINUED

### ii. Disposal of CMS Roads Sdn Bhd and CMS Pavement Tech Sdn Bhd – Continued

#### ii. Consideration

Subject to the conditions precedent set out in the agreement having been fulfilled, PPB shall pay to the Company:

- a. the sum of RM63,000,000 only for the Sale Shares in respect of CMS Roads; and
- b. the sum of RM12,000,000 only for the Sale Shares in respect of CMS Pavement;

giving rise to an aggregate sum of RM75 million only as consideration payable for all the Sale Shares (“Consideration”).

The Consideration shall be paid as follows:

- a. an amount equivalent to a sum of RM3,750,000, representing 5% of the Consideration shall be deposited by PPB by way of a deposit to be held by PPB’s solicitors as stakeholders on the date of execution of the SSA; and
- b. the balance consideration of RM71,250,000, representing 95% of the Consideration shall, subject to the terms of the SSA, be paid by PPB to the Company.

Subject to fulfillment of certain conditions precedent and barring unforeseen circumstances, the Proposed Disposal is expected to be completed by the end of the second quarter 2009.

## 45. EFFECTS OF DISCONTINUED OPERATIONS IN PRIOR YEAR

- a. On 8 March 2007, the Company announced that it has received and accepted, subject to shareholders and regulatory approvals, Employees Provident Funds Board’s (“EPF”) revised offer dated 7 March 2007 (“Disposal”) involving all the securities held by the Company in RHB as follows:
  - i. 238,127,000 ordinary shares of RM1.00 each in RHB at RM1.80 per share;
  - ii. 449,206,479 units of 2002/2012 0.5% RHB ICULS-A at RM1.94 per unit;
  - iii. 403,471,898 units of 2002/2012 3% RHB ICULS-B at RM1.94 per unit; and
  - iv. 92,461,730 units of RHB Call Warrants 2003/2007 at RM1.84 per unit.

The total cash consideration for the securities was RM2,252,954,234.

A conditional sale and purchase agreement dated 3 April 2007 was entered into between the Company and EPF for purposes of the Disposal (“SPA”). All the conditions precedent as set out in the SPA were met on 15 May 2007 and the proposed disposal completed on 22 May 2007. Therefore, RHB ceased to be a subsidiary of the Company on 22 May 2007 (“Discontinued Operation”).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 45. EFFECTS OF DISCONTINUED OPERATIONS IN PRIOR YEAR – CONTINUED

- a. The effect of the disposal of RHB on the financial position of the Group as at 31 December 2007 was as follows:

	UP TO DISPOSAL DATE RM'000
Interest income	1,602,067
Interest expense	(1,003,550)
Net interest income	598,517
Other operating income	(15,973)
Income from Islamic Banking business	74,021
	656,565
Other operating expenses	(459,982)
Operating profit before allowances	196,583
Allowance for losses on loans and financing	(317,668)
Impairment losses	(37,221)
	(158,306)
Share of results of associates	15
Loss before INCPS dividends and taxation	(158,291)
INCPS dividends	(36,312)
Loss after INCPS dividends and before taxation	(194,603)
Taxation	(67,917)
Loss for the financial period from discontinued operations	(262,520)
Net gain on disposal of investment in RHB	1,229,867
	967,347

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 45. EFFECTS OF DISCONTINUED OPERATIONS IN PRIOR YEAR – CONTINUED

a. The effect of the disposal of RHB on the financial position of the Group as at 31 December 2007 was as follows – continued:

	AS AT DISPOSAL DATE RM'000
Cash and short term funds	12,700,026
Securities purchased under resale agreements	3,756,680
Deposits and placements with banks and other financial institutions	4,466,754
Securities held-for-trading	5,310,091
Securities available-for-sale	11,171,695
Securities held-to-maturity	7,654,801
Loans, advances and financing	53,854,441
Clients' and brokers' balances	355,802
Other assets	978,215
Statutory deposits	1,768,950
Tax recoverable	107,089
Deferred tax assets	259,422
Investments in associates	15,301
Real property assets	392,000
Property, plant and equipment	686,633
Deposits from customers	(61,283,959)
Deposits and placements of banks and other financial institutions	(12,594,634)
Obligations on securities sold under repurchase agreements	(12,058,652)
Bills and acceptances payable	(3,938,298)
Clients' and brokers' balances	(416,018)
Other liabilities	(2,616,581)
Recourse obligation on loans sold to Cagamas Berhad	(2,633,057)
Taxation	(108,879)
Deferred tax liabilities	(14,108)
Borrowings	(3,885,273)
Subordinated obligations	(1,477,070)
Irredeemable Unsecured Loan Stock ("ICULS")	(171,384)
Irredeemable Non-Cumulative Convertible Preference Shares ("INCPS")	(1,104,469)
Identifiable net assets	1,175,518
Less: Minority interests	(973,560)
Identifiable net assets disposed	201,958
Add: Goodwill	808,264
	1,010,222
Net disposal proceeds	(2,240,089)
Gain on disposal after tax	(1,229,867)

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 – CONTINUED

## 45. EFFECTS OF DISCONTINUED OPERATIONS IN PRIOR YEAR – CONTINUED

- a. The effect of the disposal of RHB on the financial position of the Group as at 31 December 2007 was as follows – continued:

	RM'000
The cash flow on disposal of RHB is determined as follows:	
Total proceeds from disposal of RHB	2,252,954
Expenses directly attributable to the disposal	(12,865)
Net disposal proceeds	2,240,089
Cash and cash equivalents of subsidiary disposed of	(12,699,274)
Net cash outflow on disposal of RHB	(10,459,185)

The effect of the above outcome on the financial performance and financial position of the Company was that an amount of RM1,093,681,000 was recognised in the income statement as a gain on disposal of RHB.

- b. As disclosed in the previous year's financial statements of the Group and of the Company, on 12 April 2007, the learned arbitrator, in the arbitration proceedings between the Company and Malaysian Industrial Development Finance Berhad ("MIDF") in relation to the dispute that arose under the Share Sale Agreement with MIDF dated 6 May 2004 for the sale of 189,882,222 ordinary shares of RM1.00 each comprising 85.1% of the issued capital of UMBB, made the award in favour of the Company.

Consequently, on 18 April 2007, the sum of RM30,718,000 and the accrued interest thereon (less applicable charged if any) was released to the Company following the publication of the award.

The effect of the above outcome on the financial performance and financial position of the Group and of the Company was that the amount of RM30,718,000 was recognised in the income statement as a gain on disposal of UMBB and as a net cash inflow from investing activities in the cash flow statement.

## 46. COMPARATIVE FIGURES

Certain comparative figures and notes thereto of the Group and of the Company have been reclassified and restated to conform with current financial year's presentation and to account for the effects on adoption of merger accounting.

The comparative figures have been audited by a firm of public accountants other than Ernst & Young.

No comparative figures of the Group have been presented for Notes 17, 18, 19, 20, 21, 22, 24, 25, 28, 34(c) and 35 as the figures for the current financial year arose only as a result of acquisitions of certain subsidiaries during the financial year.

The Group's financial statements have been prepared based on merger method of acquisition pursuant to the acquisitions of CMS Roads and CMS Pavement as further disclosed in Note 41. Accordingly, the comparative figures for the Group financial statements have been restated as if the merger had been effected throughout the current and previous years.

# Other Information

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# Analysis of Shareholdings

AS AT 26 MARCH 2009

**Authorised Share Capital:** RM1,500,000,000 comprising 6,000,000,000 Ordinary Shares of RM0.25 each  
**Issued & Paid-Up Share Capital:** RM125,099,194.50 comprising 500,396,778 Ordinary Shares of RM0.25 each  
**Class of Shares:** Ordinary Shares of RM0.25 each  
**Voting Rights:** One Vote per Ordinary Share

## DIRECTORS' SHAREHOLDINGS

NAME OF SHAREHOLDER	DIRECT SHAREHOLDINGS	% OF ISSUED CAPITAL	INDIRECT SHAREHOLDINGS	% OF ISSUED CAPITAL
1. Dato Sri Haji Mahmud Abu Bekir Taib	–	–	–	–
2. Syed Ahmad Alwee Alsree	–	–	284,800*	0.06
3. His Excellency Yousif Mana Saeed Alotaiba	–	–	–	–
4. Mr Shaher Moh'd Ali Awartani (alternate)	–	–	–	–
5. Mr Low Taek Jho	–	–	–	–
6. Mr Tan Vern Tact (alternate)	–	–	–	–
7. Dato Sri Liang Kim Bang	201,600	0.04	–	–
8. Mr Krishnan a/l C K Menon	–	–	–	–

\* Deemed interest pursuant to Section 134 (12) (c) of the Companies Act, 1965

## DISTRIBUTION SCHEDULE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED CAPITAL
1 to 99	203	1.91	5,389	0.00
100 to 1,000	7,508	70.82	3,637,313	0.73
1,001 to 10,000	2,700	25.47	7,142,295	1.43
10,001 to 100,000	152	1.43	3,990,796	0.80
100,001 to < 5% of issued shares	36	0.34	36,103,356	7.21
5% and above of issued shares	3	0.03	449,517,629	89.83
<b>Total</b>	<b>10,602</b>	<b>100.00</b>	<b>500,396,778</b>	<b>100.00</b>

# Analysis of Shareholdings

AS AT 26 MARCH 2009 – CONTINUED

## CATEGORY OF SHAREHOLDERS

CATEGORY	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED CAPITAL
Individuals	9,908	93.45	17,904,626	3.58
Banks/Finance companies	4	0.04	1,139,722	0.23
Investment Trusts/Foundation/Charities	6	0.05	6,400	0.00
Industrial and Commercial Companies	130	1.23	188,217,476	37.61
Government Agencies/Institutions	4	0.04	10,210,799	2.04
Nominee Companies	550	5.19	282,917,755	56.54
<b>Total</b>	<b>10,602</b>	<b>100.00</b>	<b>500,396,778</b>	<b>100.00</b>

## THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

NAME OF SHAREHOLDER	NO. OF SHARES HELD	% OF ISSUED CAPITAL
1. Amsec Nominees (Tempatan) Sdn Bhd <i>AmBank (M) Berhad for Majestic Masterpiece Sdn Bhd</i>	263,307,474	52.62
2. Concordance Holdings Sdn Bhd	141,558,155	28.29
3. PPES Works (Sarawak) Sdn Bhd	44,652,000	8.92
4. Yayasan Sarawak	8,983,333	1.80
5. Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for CMS Trust Management Berhad</i>	6,106,300	1.22
6. HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for CMS Premier Fund</i>	3,773,300	0.75
7. CIMSEC Nominees (Tempatan) Sdn Bhd <i>Exempt AN for CMS Trust Management Bhd</i>	3,224,700	0.64
8. HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for CMS Malaysian Inc Fund</i>	1,633,000	0.33
9. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN for RBS Coutts Bank Ltd (Sg Branch)</i>	1,189,300	0.24
10. Sarawak Economic Development Corporation	1,166,666	0.23
11. OSK Investment Bank Berhad	1,136,900	0.23
12. Tai Sing Chii & Sons Sdn Bhd	1,046,000	0.21
13. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN for RBS Coutts Bank Ltd (HK Branch)</i>	973,800	0.19
14. Lum Kok Choong	690,300	0.14
15. Tai Sing Chii	649,835	0.13

# Analysis of Shareholdings

AS AT 26 MARCH 2009 – CONTINUED

## THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS – CONTINUED

NAME OF SHAREHOLDER	NO. OF SHARES HELD	% OF ISSUED CAPITAL
16. Sulaiman Daud	539,200	0.11
17. Citigroup Nominees (Asing) Sdn Bhd <i>UBS AG Singapore for Always Gain Corporation</i>	504,933	0.10
18. Loo Geok Eng	500,000	0.10
19. HBSC Nominees (Tempatan) Sdn Bhd <i>Yong Mew Chong Shareline Services</i>	392,000	0.08
20. Chai Wai Ling	352,900	0.07
21. Hanifah Hajar Taib	284,800	0.06
22. Encorp Properties Sdn Bhd	245,866	0.05
23. Lee Nyuk Yin	236,840	0.05
24. CIMSEC Nominees (Asing) Sdn Bhd <i>Dermajaya Holdings Sdn Bhd</i>	234,000	0.05
25. Yong Mew Chong	208,000	0.04
26. Neo Ah Pang @ Liang Kim Bang	201,600	0.04
27. Sharikat Kim Loong Sendirian Berhad	200,000	0.04
28. Iskandar B Razali	177,266	0.04
29. Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Wafi Lim Bin Abdullah</i>	161,626	0.03
30. Koay Keng Teik @ Koay Chia Wah	157,900	0.03
<b>Total</b>	<b>484,487,994</b>	<b>96.82</b>

# Analysis of Shareholdings

AS AT 26 MARCH 2009 – CONTINUED

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS, EXCLUDING NOMINEE COMPANIES

	NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT SHAREHOLDINGS	% OF ISSUED CAPITAL	INDIRECT SHAREHOLDINGS	% OF ISSUED CAPITAL
1.	Majestic Masterpiece Sdn Bhd	263,307,474	52.62	–	–
2.	Abu Dhabi-Kuwait-Malaysia Investment Corporation	–	–	263,307,474*	52.62
3.	ADIA Investment Corporation	–	–	263,307,474*	52.62
4.	KIA Investment Corporation	–	–	263,307,474*	52.62
5.	Concordance Holdings Sdn Bhd	141,558,155	28.29	–	–
6.	PPES Works (Sarawak) Sdn Bhd	44,652,000	8.92	–	–
7.	CMS Works Sdn Bhd	–	–	44,652,000*	8.92
8.	Sarawak Economic Development Corporation	1,166,666	0.23	44,652,000*	8.92
9.	Cahaya Mata Sarawak Berhad	–	–	186,210,155*	37.21

\* Deemed interest pursuant to Section 6A of the Companies Act, 1965

# List of Properties

AS AT 31 DECEMBER 2008

LOCATION	TENURE	YEAR OF ACQUISITION (AS PER S&P)	APPROX. LAND AREA/UNITS	DESCRIPTION & EXISTING USE	APPROX. AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2008 (RM'000)
Lot 1, Sublot 3, 4, & 5, Jalan Ang Cheng Ho, Section 63, KTL D, Kuching (3 units of 4-storey shoplots)	Land tenure 28.05.1937 – 27.05.2797 (860 years)	2007	130 sq m per unit	Vacant (under renovation) to be used as office after renovation by April 09	1	3,547
Danau Point, PT 2494 HS(D) 794, Presint 16, Bandar & Daerah Putrajaya, Wilayah Persekutuan, Putrajaya	Freehold	2005	1 unit	4-storey commercial building with 1 level sub-basement car park (principally used as the main office of PPB Group. The remaining areas are for rent)	6	16,000
PT 2626 HS(D) 856, PT 2690 HS(D) 913, Presint 16, Bandar & Daerah Putrajaya, Wilayah Persekutuan, Putrajaya <sup>1</sup>	Freehold	2005	2 units	Semi-detached houses (vacant, available for sale)	8	1,112
PT 2508 HS(D) 798, Presint 16, Bandar & Daerah Putrajaya, Wilayah Persekutuan, Putrajaya <sup>1</sup>	Freehold	2005	1 unit	Townhouses (vacant, available for sale)	5	273
PT 2423 HS(D) 732, PT 2431 HS(D) 740, Presint 16, Bandar & Daerah Putrajaya, Wilayah Persekutuan, Putrajaya <sup>1</sup>	Freehold	2005	2 units	Bungalows (vacant, available for sale)	–	4,606
PT 2425 HS(D) 734, PT 2432 HS(D) 741, PT 2436 HS(D) 745, PT 2437 HS(D) 746, PT 2438 HS(D) 747, PT 2440 HS(D) 749, PT 2442 HS(D) 751, PT 2443 HS(D) 752, PT 2446 HS(D) 755, Presint 16, Bandar & Daerah Putrajaya, Wilayah Persekutuan, Putrajaya <sup>1</sup>	Freehold	2005	2.178 acres	Property development in progress (bungalows)	–	6,811

# List of Properties

AS AT 31 DECEMBER 2008 – CONTINUED

LOCATION	TENURE	YEAR OF ACQUISITION (AS PER S&P)	APPROX. LAND AREA/UNITS	DESCRIPTION & EXISTING USE	APPROX. AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2008 (RM'000)
PT 2306 HS(D) 669, PT 2395 HS(D) 712, PT 2387 HS(D) 711, PT 2317 HS(D) 680 – PT 2320 HS(D) 683, PT 2328 HS(D) 685 – PT 2330 HS(D) 687, PT 2332 HS(D) 689, PT 2334 HS(D) 691, PT 2336 HS(D) 693, PT 2338 HS(D) 695, PT 2396 HS(D) 713 – PT 2403 HS(D) 720, PT 2450 HS(D) 756 – PT 2461 HS(D) 767, PT 2463 HS(D) 769 – PT 2467 HS(D) 773, PT 2469 HS(D) 775, PT 2471 HS(D) 777, PT 2472 HS(D) 778, Presint 16, Bandar & Daerah Putrajaya, Wilayah Persekutuan, Putrajaya <sup>1</sup>	Freehold	2005	27.481 acres	Land held for development	–	41,222
Lot 969 PN 14416 (previously HS(D) 29486), Kawasan Bandar XXXIX, Melaka Tengah, Melaka (Plot No. 82)	Lease expiring 20.03.2094	1999	1 unit	3-storey shop office (vacant)	12	272
HS(D) 360860 & 360861, PTD 5118 & 5119, Mukim Jelutong, Johor Bahru, Johor	Freehold	2008	2 units	Double storey terrace shop office	6	663
Lot 468 PN 2174 (previously HS(D) 8969), Lot 472 PN 2175 (previously HS(D) 8970), Lot 475 PN 2176 (previously HS(D) 8965), Lot 476 PN 2177 (previously HS(D) 8966), Kawasan Bandar XXXIX, Melaka Tengah, Melaka	Lease expiring 04.10.2082	1999	1.831 acres	Commercial land held for development	–	3,970

<sup>1</sup> Held as beneficial owner by a subsidiary pursuant to the Development Agreement dated 30 January 2004.

# List of Properties

AS AT 31 DECEMBER 2008 – CONTINUED

LOCATION	TENURE	YEAR OF ACQUISITION (AS PER S&P)	APPROX. LAND AREAS/UNITS	DESCRIPTION & EXISTING USE	APPROX. AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2008 (RM'000)
Lot 936 PN 14383 (previously HS(D) 29453), Lot 1002 PN 22525 (previously HS(D) 34270), Kawasan Bandar XXXIX Melaka Tengah, Melaka	Lease expiring 20.03.2094 – 06.12.2095	1999	2.037 acres	Commercial land held for development	–	6,720
Grant 14428, Lot 47626, Grant 14429, Lot 47627, 19 & 21, Jalan Sri Hartamas 7, Taman Sri Hartamas, 50480 Kuala Lumpur	Freehold	2006	297.28 sq m	2 units adjoining 4-storey shophouses used as office building	–	4,161
Grant 28522, Lot 4474, Mukim of Hulu Bernam Timur District of Batang Padang, Perak	Freehold	2006	15.940 acres	Vacant industrial land	–	3,819
Lots 592, 593, 594, 585, 586, 595, 596 and 1327-1329, Mukim of Setul, District of Seremban, Negeri Sembilan	Freehold	2006	30.993 acres	Vacant land	–	10,125
Lot 3828 CT No. 6177, Mukim Setul, District of Seremban, Negeri Sembilan	Freehold	2006	11.0 acres	Storeyard & workshop	–	3,150
Unit No 1551, Awana Condominium, Genting Highlands, HS(D) 2078, PT No. 2157/95, District of Bentung, Negeri Pahang	Freehold	2006	1,258 sq ft	Vacant apartment	–	404
Geran 58854, Lot 64268 in Mukim Damansara, Daerah Petaling, Selangor 20, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam	Freehold	2006	23,838 sq ft	3-storey semi-detached factory bulidng for rent	–	4,000
Grant 14430, Lot 47628 23, Jalan Sri Hartamas 7, Taman Sri Hartamas, 50480 Kuala Lumpur	Freehold	2007	148.64 sq m	1 unit 4-storey shophouses used as office building	–	2,081
Lot PT 42 (PT 206) & PT 43 (PT 205) all within Section 67, Town & District of Kuala Lumpur, Wilayah Persekutuan	Leasehold expiring 01.01.2018	2006	174,246 sq ft	1½-storey shopping complex	–	16,500
HS(D) 27473, PT No. 34728, Mukim Batu, District of Gombak, Selangor	Freehold	2007	32.42 acres	Land held for residential development	–	36,397

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Seventeenth Annual General Meeting of the Company will be held at Ballroom I, Lobby Floor, Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak, Malaysia on Wednesday, 27 May 2009 at 10.00am for the following purposes:

- |   |                              |
|---|------------------------------|
| 1. To receive the Audited Accounts for the year ended 31 December 2008 and the Reports of the Directors and Auditors thereon.   | <b>Ordinary Resolution 1</b> |
| 2. To re-elect Y Bhg Dato Sri Haji Mahmud Abu Bekir Taib who is retiring in accordance with Article 98 of the Company's Articles of Association and is offering himself for re-election.                            | <b>Ordinary Resolution 2</b> |
| 3. To re-elect the following Directors who are retiring in accordance with Article 102 of the Company's Articles of Association and are offering themselves for election:   |                              |
| a. His Excellency Yousif Mana Saeed Alotaiba  | <b>Ordinary Resolution 3</b> |
| b. Mr Krishnan a/l C K Menon  | <b>Ordinary Resolution 4</b> |
| c. Mr Low Taek Jho  | <b>Ordinary Resolution 5</b> |
| 4. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:   |                              |
| a. "THAT Y Bhg Dato Sri Liang Kim Bang, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." | <b>Ordinary Resolution 6</b> |
| 5. To approve Directors' fees for the year ended 31 December 2008.  | <b>Ordinary Resolution 7</b> |
| 6. To appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2009 and to authorise the Directors to fix their remuneration.   | <b>Ordinary Resolution 8</b> |

## BY ORDER OF THE BOARD

**Monica Oh Chin Chin**  
**Denise Koo Swee Pheng**  
Joint Company Secretaries

Kuching, Sarawak, Malaysia  
5 May 2009

## NOTES

1. A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf.
2. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Act shall not apply to the Company.
3. Where a member of the Company appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified true copy of the power or authority shall be deposited at the registered office of the Company at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or adjourned Meeting.

## Statement Accompanying the Notice of Annual General Meeting

<b>NAME</b>	<b>Y Bhg Dato Sri Haji Mahmud Abu Bekir Taib</b>	<b>His Excellency Yousif Mana Saeed Alotaiba</b>
<b>AGE</b>	45	35
<b>NATIONALITY</b>	Malaysian	United Arab Emirates national
<b>DESIGNATION</b>	Chairman, Non-Independent Non-Executive Director	Non-Independent Non-Executive Director
<b>DATE FIRST APPOINTED ON THE BOARD</b>	3 August 2006	19 September 2008
<b>WORKING EXPERIENCE &amp; OCCUPATION</b>	As per profile in page 14	As per profile in page 17
<b>DIRECTORSHIPS IN OTHER PUBLIC COMPANIES</b>	<ul style="list-style-type: none"> <li>• Putrajaya Perdana Berhad</li> <li>• Cahya Mata Sarawak Berhad Group</li> <li>• UBG Enterprise Berhad</li> </ul>	None
<b>SECURITIES HOLDINGS IN THE COMPANY &amp; ITS SUBSIDIARIES</b>	None	None
<b>FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER OF THE COMPANY</b>	He is the Deputy Group Chairman of Cahya Mata Sarawak Berhad ("CMS"), a major indirect shareholder of UBG Berhad with 28.29% and 8.92% equity interests in UBG through Concordance Holdings Sdn Bhd and PPES Works (Sarawak) Sdn Bhd respectively. He is also a brother-in-law of Syed Ahmad Alwee Alsree, Deputy Chairman of UBG and Group Executive Director of CMS.	He does not have any family relationship with any Director and/or major shareholder of UBG.
<b>CONFLICT OF INTEREST WITH THE COMPANY</b>	None	None
<b>LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 10 YEARS</b>	None	None
<b>NO. OF THE COMPANY'S BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR</b>	7/8 (87.5%)	1/1 (100%)

# Statement Accompanying the Notice of Annual General Meeting

CONTINUED

Mr Krishnan a/l C K Menon	Mr Low Taek Jho	Y Bhg Dato Sri Liang Kim Bang
59	27	72
Malaysian	Malaysian	Malaysian
Independent Non-Executive Director	Group Advisor, Non-Independent Non-Executive Director	Senior Independent Non-Executive Director
19 September 2008	19 September 2008	3 August 2006
As per profile in page 17	As per profile in page 19	As per profile in page 17
<ul style="list-style-type: none"> <li>Putrajaya Perdana Berhad</li> <li>M3 Technologies (Asia) Berhad</li> <li>MISC Berhad</li> <li>SPK-Sentosa Corporation Berhad</li> <li>SCICOM (MSC) Berhad</li> </ul>	None	<ul style="list-style-type: none"> <li>Cahaya Mata Sarawak Berhad Group</li> <li>CMS Trust Management Berhad</li> <li>PPB Group Berhad</li> </ul>
None	None	201,600 shares (direct interest)
He does not have any family relationship with any Director and/or major shareholder of UBG.	He does not have any family relationship with any Director and/or major shareholder of UBG.	He does not have any family relationship with any Director and/or major shareholder of UBG.
None	None	None
None	None	None
1/1 (100%)	1/1 (100%)	8/8 (100%)

Further details of Directors seeking re-election/re-appointment at the Annual General Meeting.

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# UBG Berhad 240931-X Form of Proxy

I/We (full name) \_\_\_\_\_

NRIC/Passport/Company No. \_\_\_\_\_ of (full address) \_\_\_\_\_

being a member/members of UBG Berhad hereby appoint \_\_\_\_\_

NRIC/Passport/Company No. \_\_\_\_\_ of \_\_\_\_\_

or, failing him/her, \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at **Ballroom I, Lobby Floor, Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak, Malaysia** on Wednesday, 27 May 2009 at 10.00am and at any adjournment thereof.

NO.	RESOLUTIONS	FOR*	AGAINST*
1	Receive the Audited Accounts and Reports of the Directors and Auditors thereon		
2	Re-election of Y Bhg Dato Sri Haji Mahmud Abu Bekir Taib as Director		
3	Re-election of His Excellency Yousif Mana Saeed Alotaiba as Director		
4	Re-election of Mr Krishnan a/l C K Menon as Director		
5	Re-election of Mr Low Taek Jho as Director		
6	Re-appointment of Dato Sri Liang Kim Bang as Director		
7	Approval of Directors' fees for the year ended 31 December 2008		
8	Appointment of Auditors		

\* Please indicate with an "X" on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

\_\_\_\_\_  
No. of Shares Held

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Member(s)

## NOTES

1. A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf.
2. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Act shall not apply to the Company.
3. Where a member of the Company appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified true copy of the power or authority shall be deposited at the registered office of the Company at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or adjourned Meeting.

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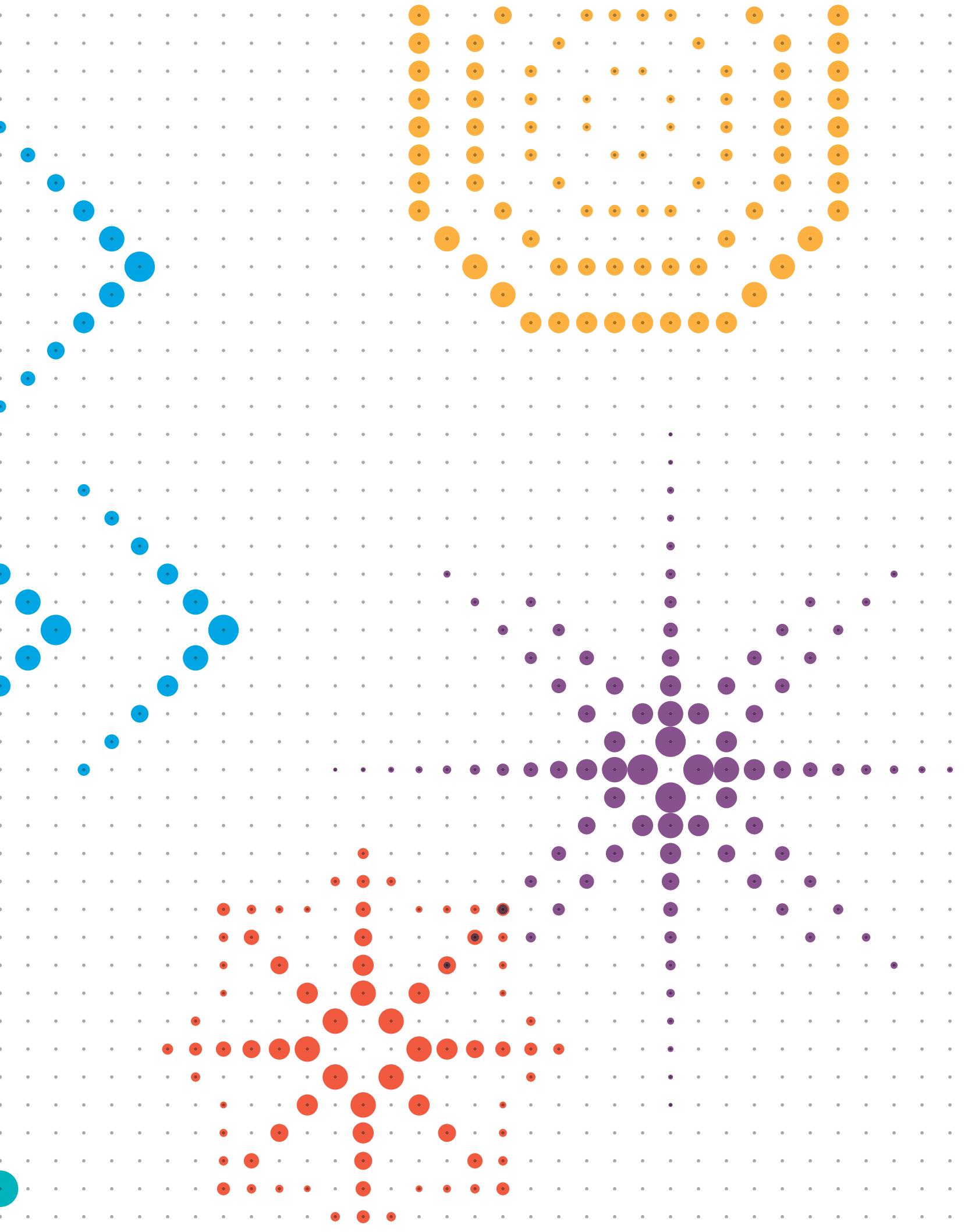
**UBG Berhad** 240931-X  
Level 6, Wisma Mahmud  
Jalan Sungai Sarawak  
93100 Kuching  
Sarawak, Malaysia

1st fold



ALWAYS MOVING FORWARD, ALWAYS GROWING





UBG STANDS **U**NITED IN OUR VISION OF **B**UILDING THE BUSINESS  
AND **G**ROWING SHAREHOLDER VALUE.



