CREST BUILDER HOLDINGS BERHAD
(573382-P)

ANNUAL REPORT 2009

CREST BUILDER HOLDINGS BERHAD (573382-P) | Annual Report 2009

**CREST BUILDER HOLDINGS BERHAD** 573382-P
Penthouse, The Crest, 3 Two Square, No. 2, Jalan 19/1, 46300 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
**Tel :** 603 7841 6000 **Fax :** 603 7841 6088
**E-mail :** corporate@crestbuilder.com.my

# C O N T E N T S





# Corporate Profile

**CREST BUILDER HOLDINGS BERHAD**
(573382-P)

*Tierra Crest, Kelana Jaya*

CBHB was incorporated in Malaysia under the Companies Act, 1965 on 9th March 2002 as a public limited company. CBHB is principally an investment holding company and had successfully undertaken a Corporate and Debt Restructuring Scheme which involved taking over the listing status of MGR Corporation Berhad. CBHB was listed on the Main Board of Bursa Malaysia on 12th June 2003.

The CBHB Group was founded in 1985 by Mr Yong Soon Chow. What started out as a small timer of less than 10 staffs has grown to a strong corporation of over 500 staffs under its stable. Over the past 25 years, the CBHB group has carved a strong foothold in the local construction industry. With in-depth industry experience, the CBHB group has a proven track record in the sector – especially in the commercial, residential and institutional building construction. The Group counts top branded developers and international property players amongst its clientele.

With an good blend of experience and vibrant protégés in its management team, the CBHB group has moved along the supply chain and diversified beyond purely construction into other construction-related activities, such as property development, M&E services and project management – and most recently, upon completion of our maiden development 3 Two Square, the Group has also diversified into property management as well as car park management.

With the vision to be the 'Preferred' organization of choice by the partners and customers, the Group aspires to achieve distinction in the industry through prudent cost management, highest standards of quality and complete customer satisfaction.

# Notice Of 8th Annual General Meeting

**NOTICE** is hereby given that the 8th annual general meeting will be held

| | |
|---|---|
| Venue | Sime Darby Convention Centre<br>1A, Jalan Bukit Kiara 1<br>60000 Kuala Lumpur |
| Day, date and time | Wednesday, 23 June 2010 at 3:00 p.m. |

## AGENDA

### Ordinary business

1. **Laying of audited accounts** — **Resolution 1**
To lay the duly audited accounts consisting of the consolidated profit and loss account, the balance sheet, the reports of the Directors and auditors for the financial year ended 31 December 2009, in compliance with Section 169(1) and Section 174(1) of the Companies Act, 1965 ("Act") respectively.

2. **Declaration of dividend** — **Resolution 2**
**THAT** the payment for a first and final dividend of 4% less 25% taxation per share in respect of the financial year ended 31 December 2009 be hereby approved.

3. **Election of director** — **Resolution 3**
**THAT** re-election of the Executive Director, Lee Sooi Teng, who retires in accordance with Article 80 of the Company's Articles of Association, be hereby approved.

4. **Election of director** — **Resolution 4**
**THAT** re-election of the Senior Independent Non-Executive Director, Keong Choon Keat who retires in accordance with Article 80 of the Company's Articles of Association, be hereby approved.

5. **Election of director** — **Resolution 5**
**THAT** re-election of the Independent Non-Executive Director, Mohd Khasan Bin Ahmad, who retires in accordance with Article 80 of the Company's Articles of Association, be hereby approved.

6. **Appointment of auditors** — **Resolution 6**
**THAT** the appointment of Messrs GEP Associates (AF1030), Chartered Accountants, as the auditors in accordance with Article 57 of the Company's Articles of Association and pursuant to Section 172(2) the Act for the ensuing financial year ending 31 December 2010 be confirmed and that the directors be authorised to fix the remuneration of the auditors pursuant to Section 172(16)(a) of the Act, be hereby approved.

### Special business

7. **Approval for payment of directors' fees** — **Resolution 7**
**THAT** the payment of RM250,000 as directors' fee for the year ended 31 December 2009 (2008 : RM250,000) in accordance with Article 88 of the Company's Articles of Association be hereby approved.

8. **Authority for issue of shares pursuant to Section 132D of the Act.** — **Resolution 8**
**THAT** pursuant to Section 132D of the Act and subject to the approval of all relevant authorities being obtained, the Directors be empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid up capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting be hereby approved.

9. **Proposed renewal of shareholders' mandate for existing recurrent related party transactions of a revenue or trading nature and mandate for recurrent related party transactions of a revenue or trading nature** **Resolution 9**

**THAT** the shareholders' mandate granted by the shareholders of the Company on 25 June 2009 pursuant to paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, authorizing the Company and its subsidiaries (the "CBHB Group"), to enter into the Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the CBHB Group's day-to-day operations as set out in paragraph 4.2 of the Circular to Shareholders dated 1 June 2010 ("Circular") with the related parties mentioned therein, be and is hereby renewed and **THAT** approval be and is hereby given to the Company to enter into Recurrent Related Party Transactions of a revenue or trading nature with the related parties mentioned therein, provided that:-

i) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

ii) the disclosure of the breakdown aggregate value of the transactions conducted during a financial year will be disclosed in the annual report for the said financial year based on the following information:-

   a) the type of the Recurrent Related Party Transactions made;

   b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company.

**AND THAT** the authority conferred by such renewed and granted mandate shall continue to be in force until:-

i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposal is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed; and

ii) revoked or varied by resolution passed by the shareholders in general meeting,

**whichever is the earlier;**

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposal.

10. **Proposed renewal of share buy-back authority of up to ten percent (10%) of the issued and paid-up share capital** **Resolution 10**

**THAT** subject to the Companies Act, 1965 ("the Act"), rules and regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association ("Articles") and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital, such purchases to be made through Bursa Securities subject further to the following:-

i) the aggregate number of ordinary shares of RM1-00 each in CBHB ("CBHB

Shares") which may be purchased or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up ordinary share capital of the Company ("Proposed Share Buy-Back"), subject to the restriction that the issued and paid-up ordinary share capital of CBHB does not fall below the minimum share capital requirements of the Listing Requirements of Bursa Securities ("Listing Requirements") applicable to a company listed on the Main Board of Bursa Securities and that the listed issuer continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;

ii) the maximum funds to be allocated by the Company for the purpose of purchasing the CBHB Shares under the Proposed Share Buy-Back shall not exceed the retained profits and/or share premium account of the Company for the time being which stood at RM13,754,487 and RM nil respectively as at 31 December 2009 based on the latest audited financial statements of CBHB for the financial year ended 31 December 2009;

iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until;

a) the conclusion of the next annual general meeting ("AGM") of the Company at which such resolution was passed at the which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

b) the expiration of the period within the next AGM of the Company after that date is required by law to be held; or

c) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the CBHB Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

iv) upon completion of the purchase(s) of the CBHB Shares by the Company, the Directors of the Company be and are hereby authorised to retain the CBHB Shares so purchased as treasury shares, which may be distributed as dividends to shareholders, cancel and/or resold on Bursa Securities, in the manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

**AND THAT** the Directors of the Company be and hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of CBHB Shares. **Resolution 11**

11. **Proposed Amendments to the Company's Articles of Association to enable the Company to implement e-Dividend**

**SPECIAL RESOLUTION**

THAT Article 140 of the Company's Articles of Association be hereby deleted and in place thereof, the following new Article 140 be inserted as follows:-
Payments by e-dividend or cheque

Article 140 Unless otherwise directed, payment of dividends declared shall be by way of electronic payment ("e-dividend") directly into the Securities Account of members as prescribed by The Exchange under the e-dividend scheme and any dividend or bonus may be paid by cheque or warrant sent by ordinary port to the registered address of that one whose name appears in the Record of Depositors on the specific date determined by the Directors in accordance with the relevant authorities for the time being in force and the Company shall not be responsible for any loss arising therefrom.

## NOTICE OF DIVIDEND ENTITLEMENT

**Further NOTICE** is hereby given that a first and final dividend of 4% less 25% taxation per share in respect of the financial year ended 31 December 2009 if approved by shareholders, will be paid on 6 August 2010 to depositors registered in the Record of Depositors at the close of business on 15 July 2010.

A depositor shall qualify for entitlement only in respect of:

(a) share transferred into the depositor's securities account before 4:00 noon on 15 July 2010 in respect of ordinary transfers; and

(b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By order of the Board

**Company Secretaries**
Heng Chiang Pooh FCIS (MAICSA 7009923)
Chiam Han Twee FCIS (MAICSA 7009910)

Dated : 01 June 2010

*Notes:-*

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and Section 149(1)(b) of the Companies Act, 1965 shall not apply.

2. Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities.

3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of a officer or attorney duly authorised.

5. The instrument appointing a proxy must be deposited at No. 14-2, Jalan 4A/27A, Section 2, Wangsa Maju,

# Statement Accompanying Notice Of 8th Annual General Meeting

1. **ORDINARY BUSINESS – RESOLUTION 2**

The Directors now recommend a first and final dividend of 4% or 4 sen (RM0.04) less 25% income tax per each ordinary share held in respect of the financial year ended 31 December 2009, giving rise to total net dividend for the financial year of 4 sen per ordinary share held.

2. **ORDINARY BUSINESS – RESOLUTION 3, 4, & 5**

The particulars of the retiring Directors who are standing for re-election are set out in the relevant pages of the Annual Report as follows:-

| Name of Directors | Directors' Profile | Directors' Shareholdings |
|---|---|---|
| 1. Lee Sooi Teng | Page 10 | Page 106 |
| 2. Keong Choon Keat | Page 10 | Page 106 |
| 3. Mohd Khasan Bin Ahmad | Page 10 | Page 106 |

Details of Directors' attendance at Board Meetings are set out in the Statement on Corporate Governance on Page 18 of the Annual Report.

3. **SPECIAL BUSINESS – RESOLUTION 7**

This authorisation by the general meeting would enable the payment of directors' remuneration in accordance with Article 88 of the Company's Articles of Association as follows:-

**Article 88 Directors' Remuneration**
The Directors shall be paid by way of remuneration for their services such fixed sums (if any) as shall from time to time be determined by the company in general meeting, and such remuneration shall be divided among the Directors in such proportion and manner as the Directors may determine. Provided always that:-

a) fees payable to Directors who hold no executive office in the company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

b) salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;

c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

d) any fee paid to an Alternate Director shall be such as agreed between himself and the Director nominating him shall be paid out of the remuneration of the latter.

4. **SPECIAL BUSINESS – RESOLUTION 8**

This authorisation will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital. This authority, unless revoked or varied at a general meeting, will be valid until the conclusion of the next annual general meeting.

# Statement Accompanying Notice Of 8th Annual General Meeting (Cont'd)

5. **SPECIAL BUSINESS – RESOLUTION 9**

The Proposed Shareholders' Mandate, if approved by the shareholders of the Company, and the renewal thereof on an annual basis, will eliminate the need by the Company to announce and/or convene separate general meetings from time to time to seek shareholders' approval for the Group to enter into the Recurrent Related Party Transactions with Farima Sdn Bhd. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without however compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. Further information can be obtained in Part A of the accompanying circular dated 1 June 2010.

6. **SPECIAL BUSINESS – RESOLUTION 10**

The Proposed Share buy-back of up to ten percent (10%) of the issued and paid-up share capital, if approved by the shareholders of the Company, will enable the Company to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital. Further information can be obtained in Part B of the accompanying circular dated 1 June 2010.

7. **SPECIAL BUSINESS – RESOLUTION 11**

The Proposed amendment to the Company's Articles of Association is to enable the Company to implement eDividend.

Electronic Dividend Payment of eDividend refers to the payment of cash dividends by a listed issuer to its shareholders by directly crediting the shareholders' cash dividend entitlements into their respective bank accounts. All listed issuers who make announcement on or after 1 September 2010 for a book closing date for a book closing date for cash dividend entitlements are required to pay cash dividend via eDividend to shareholders who have provided their bank account information to Bursa Malaysia Depository Sdn Bhd.

# Corporate Information

## BOARD OF DIRECTORS

**Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah**
- *Non-Executive Chairman*

**Yong Soon Chow**
- *Managing Director*

**Koh Hua Lan (f)**
- *Executive Director*

**Lee Sooi Teng**
- *Executive Director*

**Yong Shang Ming**
- *Executive Director*

**Keong Choon Keat**
- *Senior Independent Non-Executive Director*

**Mohd Khasan bin Ahmad**
- *Independent Non-Executive Director*

**Kam Yong Kan**
- *Independent Non-Executive Director*

**Yong Tiok Keng (f)**
- *Executive Director, Alternate to Koh Hua Lan*

## AUDIT COMMITTEE

**Mohd Khasan bin Ahmad,** *Chairman*
**Keong Choon Keat**
**Kam Yong Kan**

## REMUNERATION COMMITTEE

**Yong Soon Chow,** *Chairman*
**Keong Choon Keat**
**Mohd Khasan bin Ahmad**

## NOMINATION COMMITTEE

**Kam Yong Kan,** *Chairman*
**Keong Choon Keat**
**Mohd Khasan bin Ahmad**

## OPTION COMMITTEE

**Keong Choon Keat,** *Chairman*
**Mohd Khasan bin Ahmad**
**Yong Soon Chow**

## COMPANY SECRETARIES

**Heng Chiang Pooh** *FCIS (MAICSA 7009923)*
**Chiam Han Twee** *FCIS (MAICSA 7009910)*

## REGISTERED OFFICE

No. 14-2, Jalan 4A/27A
Section 2, Wangsa Maju
53300 Kuala Lumpur
Tel : 03-4149 8128
Fax : 03-4142 3128

## PRINCIPAL PLACE OF BUSINESS

Penthouse, The Crest
3 Two Square
No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 6000
Fax : 03-7841 6088
E-mail : corporate@crestbuilder.com.my

## SHARE REGISTRAR

**ShareWorks Sdn Bhd**
No. 10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel : 03-6201 1120
Fax : 03-6201 3121

## AUDITORS

**GEP Associates**
*(A Member Firm of AGN International)*
Chartered Accountants *(AF 1030)*
Wisma GEP
No. 25, Jalan PJU 1/42A
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7803 3390
Fax : 03-7803 3603

## PRINCIPAL BANKERS

EON Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
CIMB Bank Berhad

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad - Main Market
Sector : Construction

# Corporate Structure

**CREST BUILDER HOLDINGS BERHAD**
(573382-P)

Investment Holding

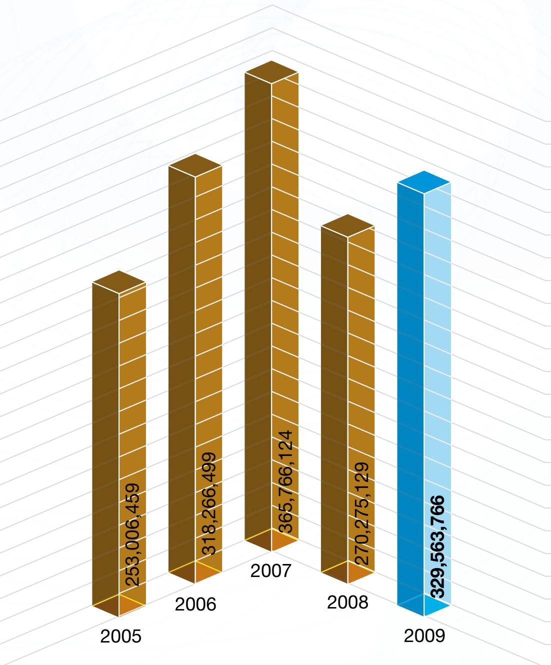
| Company | Registration No. | Principal Activity | Shareholding |
|---|---|---|---|
| Crest Builder Sdn Bhd | 110330-K | Construction | 100% |
| Crestland Development Sdn Bhd | 316852-A | Property Investment | 100% |
| CBTech (M) Sdn Bhd | 508386-M | Mechanical & Electrical Engineering Services | 100% |
| 3 Two Square Sdn Bhd | 617273-X | Property Development | 100% |
| CB Land Sdn Bhd | 658719-D | Property Development | 100% |
| Nepfield Sdn Bhd | 592256-M | Property Development | 100% |
| Vertical Success Sdn Bhd | 691623-V | Property Development | 100% |
| Crestland Project Management Sdn Bhd | 659478-V | Project Management | 100% |
| Crest Builder International Sdn Bhd | 644441-T | Investment Holding | 100% |
| Damansara One Sdn Bhd * | 669184-V | Property Development | 100% |

* *Subsidiary company acquired on 17 March 2010*

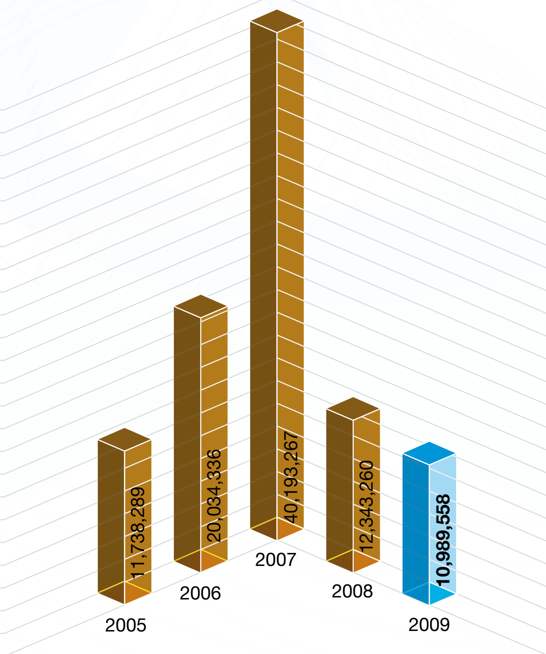
# Financial Highlights

| Financial Year End | 2005 RM | 2006 RM | 2007 RM | 2008 RM | 2009 RM |
|---|---|---|---|---|---|
| **Revenue** | 253,006,459 | 318,266,499 | 365,766,124 | 270,275,129 | 329,563,766 |
| **Profit Before Taxation** | 20,194,397 | 31,460,369 | 52,810,181 | 18,607,593 | 17,564,685 |
| **Profit After Taxation** | 11,738,289 | 20,034,336 | 40,193,267 | 12,343,260 | 10,989,558 |
| **Profit attributable to shareholders** *[after deduction/(addition) of pre-acquisition profit/(loss)]* | 11,740,593 | 20,034,336 | 40,193,267 | 12,343,260 | 10,989,558 |
| Total Number of Shares | 113,749,500 | 123,750,450 | 123,911,450 | 124,089,450 | 124,089,450 |
| Basic Earnings per Share (sen) | 10.32 | 16.39 | 32.46 | 9.95 | 8.85 |
| **Diluted Earnings per Share** *(after full conversion of ICULS, RCULS and Warrants)* | 9.69 | n/a | 31.62 | n/a | n/a |
| Gross Dividend (%) | 4.0 | 5.0 | 7.0 | 3.0 | 4.0 |

**Revenue (RM)**




**Profit After Taxation (RM)**



# Director's Profile

**Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah** [Non-Executive Chairman], aged 54, was appointed to the Board on 26 February 2003 as Executive Chairman and he was re-designated as the Non-Executive Chairman with effect from 1 March 2005. Tengku Dato' Sulaiman Shah has over 20 years of experience in the construction, printing, advertising, freight industries and health products. He was appointed the "Orang Besar Istana" in the year 1996 with the bestowed title of "Tengku Setia Selangor". In the following year, he was also conferred "Dato Di Raja Selangor". In the year 2007, he was awarded "Dato Sultan Sharafuddin Idris Shah" (D.S.I.S). He is primarily responsible for the orderly conduct and working of the Board and the public relation and communication affairs of the Group. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2009.

**Yong Soon Chow** [Managing Director], aged 58, was appointed to the Board on 26 February 2003. Mr Yong is the co-founder of Crest Builder Sdn Bhd and is the driving force behind the Group. Mr Yong started his career as an engineer with Jabatan Kerja Raya from 1977 to 1981. In year 1983, he formed Crest Builder Sdn Bhd and has successfully turned it into a profitable concern. Over the years, he has accumulated invaluable experience and in depth knowledge of civil engineering and construction industry in general from on the job training. He is responsible for the overall business operations and the implementation of policies and strategies of the Group. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2009.

**Koh Hua Lan (f)** [Executive Director], aged 58, was appointed to the Board on 26 February 2003. Madam Koh is a co-founder of Crest Builder Sdn Bhd and she has more than 20 years of experience in financial and administration management. She is principally responsible for the administration, human resource and management support services of the Group. She attended all of the five (5) Board meetings held during the financial year ended 31 December 2009.

**Lee Sooi Teng** * [Executive Director], aged 45, was appointed to the Board on 26 February 2003. He graduated from Tunku Abdul Rahman College with a Diploma in Building Technology in 1989. He started his service with Crest Builder Sdn Bhd in 1989 as Site Supervisor. He left Crest Builder Sdn Bhd in 1995 to pursue his studies and obtained a Master Degree in Construction Management from Heriot-Watt University, United Kingdom in 1996. He returned to Crest Builder Sdn Bhd in 1996 and assumed the position as General Manager of Project in 1997. His main responsibility is overseeing all construction project undertaken by the Group and the liaison with clients, consultants, contractors and relevant authorities on related matters. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2009.

Yong Shang Ming [Executive Director], aged 27, was appointed to the Board on 31 January 2008. He graduated from City University, London with a Honours Degree in Civil Engineering He joined the Group in June 2003 as the Special Assistant to the Group Managing Director. He is involved in the project procurement and implementation as well as the business development ventures of the Group. He is also involved in the project planning, development and marketing operations of the Group's property development projects. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2009.

Keong Choon Keat * [Senior Independent Non-Executive Director], aged 65, was appointed to the Board on 25 February 2003 and is a member of the Audit Committee. He is a member of the Malaysian Institute of Accountants and a Fellow Member of the Institute of Chartered Accountants in England and Wales. He was attached to Bristol Myers & Company Ltd. in England as an Accountant in 1968. He then left and joined Malaysian Tobacco Company Berhad as an Accountant in 1969. From 1974 to 1999 he was attached to UMW Holdings Bhd where he held various management positions in the group before being promoted to the position of an Executive Director in 1988. Upon retirement in 1999, he joined a consultancy firm providing outplacement and career management consultancy services in Malaysia. He also serves on the Board of JT International Berhad, Chin Teck Plantations Berhad, Negeri Sembilan Oil Palms Berhad and Malaysian Airlines System Berhad. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2009.

**Mohd Khasan Bin Ahmad *** [Independent Non-Executive Director], aged 49, was appointed to the Board on 25 February 2003 and is the Chairman of the Audit Committee. He graduated from Universiti Teknologi MARA with a degree in Accountancy. He is a member of the Malaysian Institute of Accountants. He served in Bank Negara Malaysia for a period of about 7 years, the last 2 years of which he was seconded to the then Capital Issues Committee as its Principal Assistant Secretary. Subsequently, he joined the Securities Commission for a period of about 6 years and his last capacity was as an Assistant Manager in its Issues and Investment Division. During the tenure of his above appointments, he was involved in various corporate exercises ranging from initial public offerings, mergers and acquisitions, reverse take-overs, issuance of bonds and other capital raising exercises. He then joined the private sector in 1997 and held various senior management positions. He is also the Director of Ta Win Holdings Berhad, Farm Best Berhad, Wellcall Holdings Berhad, Ralco Corporation Berhad and Homeritz Corporation Berhad. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2009.

**Kam Yong Kan** [Independent Non-Executive Director], aged 51, was appointed to the Board on 26 February 2003 and also a member of the Audit Committee. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, a Registered Accountant with the Malaysian Institute of Accountants and an Associate member of the Malaysian Institute of Taxation. He has over 25 years experience in audit, finance, corporate finance, tax and treasury functions in property related industries. He was attached to a listed property group from 1991 to 2000 and held the position of a Finance Director during the last 4 years of his tenure in the property group. He then formed his consultancy firm and provides corporate advisory services to a wide range of corporate clients. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2009.

**Yong Tiok Keng (f)** [Executive Director, Alternate to Koh Hua Lan (f)], aged 31, was appointed to the Board on 25 May 2009. She holds a B. Sc in Accounting & Finance from London School of Economics in 2001. She has over 8 years of experience in the fields of accounting and corporate finance activities and she is currently the Corporate Affairs Manager of CBHB. She is principally responsible for the Corporate Affairs and financial policies of the Group. She attended all of the two (2) Board meetings held after her appointment during the financial year ended 31 December 2009.

### *Further information*

All the Directors are Malaysian.

Except for certain recurrent related party transaction of revenue nature or trading nature which are necessary for the day to day operation of the Group and for which Tengku Dato Sulaiman Shah Bin Tengku Abdul Jalil Shah is deemed to be interested as disclosed in page 25.

Yong Soon Chow and Koh Hua Lan are husband and wife. Yong Shang Ming is the son to Yong Soon Chow and Koh Hua Lan. Yong Tiok Keng is the daughter to Yong Soon Chow and Koh Hua Lan. Yong Tiok Chin (a major shareholder) is the daughter to Yong Soon Chow and Koh Hua Lan and sibling to Yong Shang Ming and Yong Tiok Keng. Saved as disclosed herein, there are no family relationships between the Directors and/or major shareholders of the Company, or any personal interest or conflict of interest in any business arrangement involving the Group.

The securities holdings of the Directors are disclosed on page 106. By virtue of their interest in shares of the Company and under Section 6A of the Companies Act 1965, Yong Soon Chow and Koh Hua Lan are deemed to be interested in the shares of all the subsidiaries to the extend the Company has an interest.

None of the Directors has been convicted of any offence within the past ten years other than traffic offences if any.

*Note:*
* Indicates Directors who retire according to the Articles of Association of the Company and are eligible to offer themselves for re-election.

# Chairman's Statement


On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Financial Statement of the Company for the financial year ended 31 December 2009

## FINANCIAL REVIEW

The Group again showed financial resilients and delivered a set of satisfactory financial performance despite operating against the backdrop of slowing economy affected by global recession.

For the year 2009, the Group registered turnover of RM 329.56 million a 21.93% increase compared to RM 270.28 million in the previous year. This was mainly due to higher contribution from construction division by 35.94%. The Group is confident that its construction division can be relied upon to sustain its turnover, at least at the current level in the coming financial year.

Profit before taxation for 2009 was at RM 17.56 million against RM 18.61 million in 2008.

The Group's earnings per share for 2009, was valued at 8.85 sen (2008: 9.95 sen).

### Dividends

The Board continues to maintain a reasonable balance between dividend payouts and the setting aside of funds for the future business growth of the Group.

The Board has recommended a first and final gross dividend of 4.0 sen per share, less income tax of 25% at this Annual General Meeting.

### Malaysian Economy and Development

Post-financial crisis triggered by the meltdown of the banking systems in the United States and around other major economies, the country's economy proved resilient and registered a growth of 4.5% in the 4th quarter of 2009.

According to the latest Bank Negara report, the future for the country's economy looked bright with a prospect of achieving between 4.5% to 5.5% growth in 2010. Growth in 2010 is expected due to strengthening domestic demand, driven by the private sector. Besides the services sector, being the number one key contributor to such growth the construction industry is poised to register a surge in activities given the continued implementation of the projects under the 9th Malaysian Plan and the promotion of the public-private partnership initiatives.

In property, the recent statistics released by the Valuations and Property Services Department Ministry of Finance, the property sector recorded a strong recovery in the first 3 months of 2010 with sales value jumping 52% to RM 25.3 billion compared to the same period in 2009. The better results were attributed to improving economic conditions and market sentiment in the sector. The latest statistics bode well for the Group's property division prospect.

*Kiaramas Gateway, Mon't Kiara*

## Prospects

The Group will continue to focus on the replenishment of its current order book with new construction projects. Continuous efforts have been taken to identify various strategic measures to improve the Group's construction margins to ensure better contribution to the bottom line. As such, the Group has been innovatively implementing new building systems and methods of construction to enhance the productivity and efficiency of the operations.

During the year under review, the Group manage to secure 2 prestigious construction project namely the prestigious Green Mark certified Chua Tower Office Development along Jalan Ampang and the high profile Setia Sky Residences along Jalan Raja Muda Abdul Aziz.

The Group's stringent clientele and projects selection continue to be the main yardstick for projects that we are involved in. We are focussed on securing projects of high quality standards by esteemed developers with strong credentials as our business partners. These high quality standards are based on Singapore Building & Construction Authority's CONQUAS 21 standards. Adding to this attributes, the current huge fleet of machineries and tower cranes also enable the Group to build a niche in construction of high rise buildings. The current strategy of targeting projects in vibrant neighbourhoods and city centre allows a better exposure to the public whereby the Group is able to enhance the brand name to build better Shareholders' value.

The property division will also continue to contribute positively to the Group's earnings. The completion and handover of our maiden property development project 3 Two Square has been the strong base for our next step into property development. The shops and office suites have been sold out; the Group have retain the Corporate Tower 'The Crest' as well as the car parks and this will form the new source of recurring income for the Group.

*Menara Worldwide, Kuala Lumpur*

Our second project, Alam Hijau in Shah Alam is progressing well whereby Phase 1 and 2 have been sold enbloc to Syarikat Perumahan Negara Berhad. We have also launched Alam Idaman in Shah Alam towards the end of 2009, the project has seen some encouraging responses. The Group's other property projects are situated at Kelana Jaya, Mont Kiara and Damansara Perdana.

In the medium term, apart from vying for tracts of land to cater for development segment, the Group also plans to undertake development in the Klang Valley on a joint venture basis with landowners. The Group is also actively looking for opportunities in the current slow market condition.

## Acknowledgement

On behalf of the Directors and Management of Crest Builder Holdings Berhad, I would like to extend our appreciation to all our shareholders, valuable customers, financiers and business associates for their confidence and continued support for the Group.

I must express my gratitude to all the employees of the Group for contributing to the results for the year through their untiring commitments, dedication and loyalty.

Lastly, my sincere thanks to my fellow Directors for their invaluable advice and guidance to the Board.

*Chairman*
Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah

# Report Of The Audit Committee

## COMPOSITION AND MEMBERS

The current Audit Committee comprises three (3) members of the Board which are all Independent Non-Executive Directors. All the Independent Non-Executive Directors, Mohd Khasan Bin Ahmad, Keong Choon Keat and Kam Yong Kan are members of the Malaysian Institute of Accountants. Below are the members of the Audit Committee during the financial year:-

| Directors | Status |
|---|---|
| 1. Mohd Khasan Bin Ahmad - Chairman | Independent Non-Executive Director |
| 2. Keong Choon Keat | Senior Independent Non-Executive Director |
| 3. Kam Yong Kan | Independent Non-Executive Director |

## TERMS OF REFERENCE

The Audit Committee is governed by the following terms of reference:

1. **Composition**

(i) The Committee shall be appointed by the Board from amongst the Directors excluding Alternate Directors; shall consist of not less than three members, all current members are independant non-executive Directors; and at least one member of the audit committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

(aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or

(bb) he must be a member of one of the associations of accountants specified in Part 11 of the 1st Schedule of the Accountants Act 1967.

The Chairman shall be an independent non-executive Director elected by the members of the Committee.

(ii) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph (i) above, the Board must fill the vacancy within 3 months.

(iii) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

2. **Authority**

The Committee is granted the authority to investigate any activity of the Company and its subsidiaries within its terms of reference, and all employees are directed to co-operate as requested by members of the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

3. **Responsibility**

The Committee is to serve as a focal point for communication between non-Committee Directors, the external auditors, internal auditors and the Management on matters in connection with financial accounting, reporting and controls. The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders.

If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements, the Committee shall promptly report such matter to the Exchange.

4. **Functions**

The functions of the Committee are as follows:

(i) review with the external auditors, their audit plan;

(ii) review with the external auditors, their evaluation of the system of internal controls;

(iii) review with the external auditors, their audit report;

(iv) review the assistance given by the Company's officers to the external auditors;

(v) review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(vi) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(vii) review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:

(a) changes in or implementation of major accounting policy changes;
(b) significant and unusual events;
(c) compliance with accounting standards and other legal requirements; and
(d) compliance with Bursa Malaysia Securities Berhad

(viii) review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(ix) consider the nomination, appointment and re-appointment of external auditors; their audit fees; and any questions on resignation or removal; and

(x) review the allocation of options during the year under the Company's Employees Share Option Scheme ("ESOS") to ensure that it is in accordance with the criteria determined by the Option Committee and in compliance with the ESOS By-Laws.

5. **Meetings**

   (i) The Committee is to meet at least four times a year and as many times as the Committee deems necessary.

   (ii) In order to form a quorum for any meeting of the Committee, the whole of the members present must be Non-Executive Directors and majority must be Independent Directors.

   (iii) The meetings and proceedings of the Committee are governed by the provisions of the Articles of Association of the Company regulating the meetings and proceedings of the Board so far as the same are applicable.

   (iv) The director/person responsible for the financial management of the parent company and the head of internal audit shall normally attend meetings of the Committee. The presence of a representative of the external auditors will be requested if required.

   (v) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the Directors or members of the Company.

   (vi) At least twice a year, the Committee shall meet with the external auditors without the presence of other directors, and employees of the listed issuer whenever deemed necessary.

6. **Secretary and minutes**

   The secretary of the Committee shall be the Company Secretary. Minutes of each meeting are to be prepared and sent to the Committee members, and the Company's Directors who are not members of the Committee.

## MEETINGS

The Audit Committee convened 5 meetings in respect for financial year ended 31 December 2009. The attendance for the meetings were as follows:

| Members | No. of Meetings Attended | No. of Meetings Held During Tenure |
|---|---|---|
| 1. Mohd Khasan Bin Ahmad - Chairman | 5 | 5 |
| 2. Keong Choon Keat | 5 | 5 |
| 3. Kam Yong Kan | 5 | 5 |

## SUMMARY OF ACTIVITIES

For the financial year under review, the Audit Committee carried out its duties as set out in the terms of reference. The Committee convened five (5) meetings to review the following:-

- The annual financial statements prior to submission to the Board of Directors for consideration and approval;
- The unaudited Quarterly Financial Results for four quarters in year 2009 for the release to the Bursa Malaysia Securities Berhad;
- The Recurrent Related Party Transactions and Related Party Transactions of the Company;
- The Risk Management Framework and review of internal control;
- The Statement of Corporate Governance and Internal Control Statement for disclosure in Annual Report year 2008;
- Review of the internal audit report for financial year 2008 & 2009; and implementation of recommendations;
- The internal and external audit planning memorandums and programmes of the Internal and External Auditors for the following year as well as the recommendation of their respective fees to the Board;
- Consider and recommend to the Board of Directors the appointment of external and internal auditors;
- The recommendations by the external auditors in respect of control weaknesses noted during the course of their audit;
- The allocation of options under the Company's ESOS scheme to ensure its compliance with By-Laws.

The meetings were appropriately structured through the use of agendas and meeting papers, which were distributed to members with sufficient notification.

## INTERNAL AUDIT FUNCTION

The Company has an out-sourcing arrangement with an independent professional firm to provide internal audit services which assists the Audit Committee in the discharge of its functions. The Internal Auditor is to provide independent and objective reports on the organization's management records, accounting policies and controls directly to the Audit Committee. Such audits/reviews also ensure instituted controls are appropriate and are effectively applied to achieve acceptable risks exposures.

During the financial year, the Internal Auditor conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Compliance with policies and procedures, laws, regulations and contracts i.e. reasonably ensuring conformity and adherence to these matters.

The Internal Auditor also established follow-up audits/reviews to monitor and to ensure that internal audit's recommendations have been effectively implemented. Reports, including where relevant, action plans agreed with the operational level management, are circulated to Senior Management and are tabled at the Audit Committee Meeting.

During the financial year, the internal audit activities have been carried out according to the internal audit plan which has been approved by the Audit Committee.

# Statement On Corporate Governance

## STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors remains committed to achieving and maintaining the highest standards of corporate governance throughout the Group. The Board views corporate governance as synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

The Board is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Parts 1 and 2 respectively of the Malaysian Code on Corporate Governance (the "Code"). Additionally, the Board continually reviews the Group's corporate governance processes and makes adjustments as may be appropriate. The key intent is to adopt the substance behind good governance and not merely the form, with the aim of ensuring board effectiveness in enhancing shareholder value.

The Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place throughout the financial year unless otherwise stated.

### Principle Statement

The following statement sets out how the Company has applied the principles in Part 1 of the Code.

## A. DIRECTORS

### The Board

The Group recognizes the important role played by the Board of Directors in the stewardship of its direction and operations and ultimately the enhancement of long term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects and significant financial matters. The schedule ensures that the governance of the Group is in its hands.

### Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on five (5) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions, the business direction of the Group and corporate governance matters.

Details of the attendance of the Directors at the Board Meetings are as follows:

| | Directors | Number of meetings attended |
|---|---|---|
| (i) | Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah | 5/5 |
| (ii) | Yong Soon Chow | 5/5 |
| (iii) | Koh Hua Lan | 5/5 |
| (iv) | Lee Sooi Teng | 5/5 |
| (v) | Yong Shang Ming | 5/5 |
| (vi) | Keong Choon Keat | 5/5 |
| (vii) | Mohd Khasan Bin Ahmad | 5/5 |
| (viii) | Kam Yong Kan | 5/5 |
| (ix) | Yong Tiok Keng (Alternate to Koh Hua Lan) – appointed w.e.f. 25 May 2009 | 2/2 |

Where a potential of conflict arise in the Group's investment, projects or any transactions involving Director's interest, such Director is required to declare his interest and abstain from further discussion and the decision making process.

## Board Balance

As at the date of this statement the Board has nine (9) members, comprising four (4) Non-Executive Directors and five (5) Executive Directors. Three (3) of the nine (9) Directors are Independent Non-Executive Directors, which complies with paragraph 15.02 of the Listing Requirements that requires at least two Directors or one-third of the board of the Company, which ever is the higher, to be independent Directors. A brief profile of each Director is presented on pages 10 and 11 of this Annual Report.

There is a clear division of responsibility between the Chairman and the Managing Director of the Group in order to provide for balance of power and authority.

The Chairman is responsible for ensuring the Board effectiveness and conduct whilst the Managing Director has an overall responsibility over the operating units, organizational effectiveness and implementation of the Board's policies and decisions.

Although all the Executive Directors have an equal responsibility for the Group's operations, the presence of the Independent Non-Executive Directors on the Board fulfills a pivotal role in ensuring corporate accountability, as they provide unbiased and independent views, advices, opinions and judgments to take into account of the interests, not only of the Group but also the interest of the shareholders, employees, customers, suppliers and the many communities in which the Group conducts business. The Independent Non-Executive Directors are actively involved in the various Board Committees. They provide broader views, independent assessments and opinions on management proposals sponsored by the Executive Directors.

The composition of the Board provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, corporate affairs, legal and technical areas of the industries in which the Group is involved in. A key strength of this structure has been the speed of decision making.

## Board Committees

Where appropriate, matters have been delegated to Board Committees, all of which have written constitutions and terms of reference to assist the Board in discharging its duties and responsibilities. The Board will then receive the reports of their proceedings and deliberations in its scheduled Board meetings.

### (i) Audit Committee

The Audit Committee whose composition meets the revised Listing Requirements of Bursa Malaysia Securities Berhad, i.e. All members are Non-Executive Directors and at least one member is a qualified accountant. The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Group. The Audit Committee Report is set out on page 14. The Audit Committee is empowered to obtain external professional advice and to invite outsiders with relevant experience to attend its meeting when necessary.

### (ii) Nomination Committee

The Nomination Committee has been charged with identifying and recommending new nominees to the Board as well as committees of the Board of Crest Builder Holdings Berhad. However, the Board makes all decisions on appointments after considering the recommendations of the Committee.

The Committee will review the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.

The members of the Nomination Committee, all of whom are Independent Non-Executive Directors are as follows:

(i) Kam Yong Kan ( Chairman)
(ii) Keong Choon Keat
(iii) Mohd Khasan bin Ahmad

During the financial year, one (1) meeting was held and was attended by all members of the Nomination Committee.

(iii) **Remuneration Committee**

The Remuneration Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of the Executive Directors of the Group. The Remuneration Committee proposes, subject to the approval of the Board, the remuneration and terms and conditions of service and the remuneration to be paid to each Director for his services as a member of the Board as well as Committee of the Board.

The members of the Remuneration Committee are as follows:

(i) Yong Soon Chow ( Chairman)
(ii) Keong Choon Keat
(iii) Mohd Khasan bin Ahmad

During the financial year, one (1) meeting was held and was attended by all members of the Remuneration Committee.

(iv) **Option Committee**

The Option Committee was established on 15 March 2007. The Option Committee was established to administer the Group's Employee Share Option Scheme ("ESOS") in accordance with the By-Laws of the ESOS and in such manner as it shall deem fit and, with such powers and duties as are conferred upon it by the Board of Directors.

The members of the Option Committee are as follows:

(i) Keong Choon Keat (Chairman)
(ii) Mohd Khasan bin Ahmad
(iii) Yong Soon Chow

During the financial year, one (1) meeting was held and was attended by all members of the Option Committee

**Supply of Information**

All scheduled meetings held during the financial year were preceded with a formal agenda issued by the Company Secretary in consultation with the Chairman and the Managing Director. The agenda for each meeting was accompanied by the minutes of preceding meetings of the Board and Board Committees, reports on Group financial performance, industry trends, business plans and proposals, quarterly result announcements and other relevant information. The Board papers are comprehensive and encompass all material aspects of the matters being considered, enabling the Board to look at both quantitative and qualitative factors so that informed decisions are made.

All Directors have access to the advice and services of the Company Secretary. Directors are informed and aware that they may take independent professional advice, if necessary and appropriate in furtherance of their duties, at the expense of the Group.

### Appointments and Re-elections to the Board

The Nomination Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience which the Directors should bring to the Board.

As part of the process of appointing new Directors, the Board ensures that new Directors are provided with an orientation and education programme.

The board acknowledges the amendments to the Listing Requirements of Bursa Malaysia ("CEP Amendments") which stated that from year 2005 onwards, the Board of Directors of listed companies will assume the onus of determining or overseeing the training needs of their Directors. During the year, the Directors have attended various training programmes, seminars and briefings to keep abreast of the relevant new laws and regulations changes in business environment and developments in corporate governance and risk management. The Directors will continue to undergo other relevant training programmes to equip themselves with the knowledge to discharge their duties more effectively.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by rotation by shareholders at the first opportunity after their appointments. The Articles also provide that at least 1/3 of the remaining Directors be subject to re-election by rotation at each Annual General Meeting, provided that all Directors including the Managing Director shall retire from office at least once every three years but shall be eligible for re-election.

## B. DIRECTORS' REMUNERATION

The objective of the Group's Remuneration Policy is to attract and retain the Directors required to lead and control the Group effectively. Generally, the remuneration of each Director reflects the level of responsibility and commitment that goes with the Board Committee membership. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to individual and the Group performance.

The Remuneration Committee shall recommend to the Board the framework of the Executive Directors' remuneration and the remuneration package for each Executive Director of the Group. The Remuneration Committee also reviews and recommends for the Board's approval all other Director's fees.

### Disclosure

The Board has considered disclosure of details of the remuneration of each Director. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by the "band disclosure" as required by the Listing Requirements.

The remuneration/fees received by the Directors from the Group for the financial year ended 31 December 2009 as follows:

| Salary Band | Executive Director (Number of Directors) | Non-Executive Director (Number of Directors) |
|---|---|---|
| Less than 50,000 | 1 | 4 |
| 100,001 to 150,000 | 1 | – |
| 250,001 to 300,000 | 2 | – |
| 550,000 to 600,000 | 1 | – |

Aggregate remuneration of Directors is categorized into appropriate components:

| | Directors' Fees (RM) | Salaries and/or Other Emoluments (RM) | Total (RM) |
|---|---|---|---|
| Executive Directors | 80,000 | 1,312,333 | 1,392,333 |
| Non-Executive Directors | 170,000 | - | 170,000 |
| Total | 250,000 | 1,312,333 | 1,532,333 |

## C. SHAREHOLDERS

### Dialogue between the Company and Investors

The Group values communication with its shareholders and investors and does this through the Annual Report, Annual General Meeting and Corporate Announcements. All enquiries made are normally dealt with as promptly as practicable.

The Company also holds briefings with research analysts, fund managers and investors to explain the Group's strategies, performance and major developments and the Board plans to conduct regular dialogues with institutional investors, fund managers and analysts with the aim of fostering mutual understanding of the Group's objectives.

### The Annual General Meeting

The Company has used the Annual General Meeting as a forum of communication with its shareholders. The Board encourages participation from shareholders by having a question and answer session during the Annual General Meeting whereby the Directors are available to discuss aspects of the Group's performance and its business activities. Each item of special business included in the notice of the meeting is accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxies received, both for and against each separate resolution, where appropriate.

## D. ACCOUNTABILITY AND AUDIT

### (a) Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's statement in the Annual Report.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. All accounting standards which the Board considers to be applicable have been complied with.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

(b) **Internal Control**

The Board of Directors acknowledges responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. The system of internal control is designed to safeguard the shareholders' investments and the Group's assets, by its nature can only manage rather than eliminate risk of failure to achieve business objectives and inherently can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors regard risk management as an integral part of the business operations. During the year, managers in the Group have attended a series of briefings on risk management which were facilitated by external consultants to raise the level of knowledge of risk management amongst managers to enhance their understanding of the risks which potentially affect the achievement of their respective operating unit's business objectives.

Information on the Group's internal control is presented in the Statement on Internal Control laid out on page 26 of this Annual Report.

(c) **Relationship with Auditors**

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's auditors, both external and internal, in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. In relation to the Financial Statement, the role of the Audit Committee in relation to the external auditors are contained in the Audit Committee Report set out on pages 14 to 17 of this Annual Report.

## STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CODE

The Company is committed to achieving a high standard of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all of its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices as set out in the Code, unless otherwise stated.

Statement made in accordance with the resolution of the Board of Directors dated 27 April 2010.

## ADDITIONAL COMPLIANCE INFORMATION

In conformance with Bursa Securities Listing Requirements, the following information is provided:

1. **Utilisation of Proceeds**

   The Company did not implement any fund-raising proposal, whether involving the issue of securities or otherwise during the financial year.

2. **Share Buy-Back**

   The Company did not have Shares Buy-Back for the financial year ended 31 December 2009.

3. **Exercise of Options, Warrants or Convertible Securities**

   During the financial year ended 31 December 2009, no options were exercised in relation to the Employees Share Option.

4. **American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme**

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

5. **Imposition of Sanctions/Penalties**

   There were no sanctions/penalties imposed on the Company and/or its subsidiaries, Directors or management arising from any significant breach of rules/guidelines/legislations by the relevant regulatory authorities.

6. **Non-Audit Fees**

   Non-audit fees amounting to RM4,000 were paid to the external auditors for the financial year ended 31 December 2009.

7. **Profit Estimate, Forecast or Projection**

   The Company did not release any profit estimate, forecast or projection during the financial year.

8. **Profit Guarantee**

   There was no profit guarantee given by the Company during the financial year.

9. **Material Contracts (Recurrent Related Party Transactions)**

   Save as disclosed hereunder, there were no material contracts entered into by the Company and its subsidiaries which involved Directors' and Major Shareholders' interests during the financial year.

### Recurrent Related Party Transactions

| Related Party | Contracting Party | Nature of Transaction | Transacted Value for Financial Year Ended 31.12.2009 (RM) |
|---|---|---|---|
| Farima Sdn Bhd (person connected to TDSS) | Crest Builder Sdn Bhd | Award of Contract (Construction and completion of building work) | 24,287,162 |
| Grandland Corporation Sdn Bhd (person connected to YSC & KHL) | Crest Builder Sdn Bhd | Office rental | 24,400 |
| Grandland Corporation Sdn Bhd (person connected to YSC & KHL) | 3 Two Square Sdn Bhd | Office rental | 60,000 |

### 10. Revaluation Policy

The revaluation Policy on landed properties of the Company and its subsidiaries is disclosed in Note 3.6 to the Financial Statements.

### 11. Variation in Results

There was no significant variation in results (differ by 10% or more) from any profit estimation/forecast /projection/unaudited result announced.

# Statement On Internal Control

## The Board's Responsibilities

In relation to internal control, pursuant to the requirements under the Malaysian Code of Corporate Governance for companies listed on Bursa Malaysia Securities Berhad ["Bursa Malaysia"], the Board of Directors ("the Board") acknowledges their responsibility under the Bursa Malaysia Listing Requirements to:

- Identify principal risks and ensure implementation of appropriate control measures to manage the risk.

- Review the adequacy and integrity of the internal control system and management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

It should be noted that an internal control system is designed to manage risks rather than eliminate them, and can provide only reasonable but not absolute assurance against any material misstatement or loss.

The Board confirms that there is an ongoing risk management process established to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of Crest Builder Group of Companies ("the Group") business and corporate objectives. The Board reviews the process on a regular basis to ensure proper management of risk and measures are taken to mitigate any weaknesses in the control environment.

## The Group's System of Internal control

In striving to operate a system of internal control that will drive the Group towards its goals, the Board relies upon balanced monitoring and reviewing of the system by the Management Committee and Audit Committee respectively.

### Audit Committee

The Audit Committee received reports from the internal and external auditors on a regular basis. The Group has an out-sourcing arrangement with an independent professional firm in relation to its internal audit function. The internal audit function adopts a risk-based approach which focuses on the principal risks affecting the key business processes of the Group. Periodic scheduled internal audit visits have been carried out in accordance with the approved internal audit plan.

The internal audit function is responsible for undertaking regular and systematic review of the internal controls to provide the Audit Committee and the Board with sufficient assurance that the systems of internal control are effective in addressing the risks identified. On a half yearly basis, internal auditors submit audit reports and plan status for review and approval by the Audit Committee. Included in the reports are recommended corrective measures on risks identified, if any, for implementation by the Management.

The external auditors provide assurance in the form of their annual statutory audit of the financial statements of the Group. Any areas for improvement identified during the course of statutory audit by the external auditors are brought to the attention of the Audit Committee through management letters, or are articulated at Audit Committee meetings.

### Management Committee

The Management Committee oversees the day-to-day operations and conduct of the Group's businesses. Scheduled meetings are held at operational and management levels to identify, discuss and resolve business and operational issues. These include scheduled management meetings at Group and individual subsidiary levels, project managers meetings and site meetings. Minutes of these meetings and management reports are escalated to the relevant Executive Directors on a timely basis. Periodic meetings are held as part of an ongoing process to review and assess the adequacy and effectiveness of the Group's risk management and controls and to ensure that any shortcomings identified are addressed on a timely basis.

### Enterprise Risk Management Framework

The enterprise risk management framework prevalent in the Group was set up in 2003 with the assistance of a professional firm of consultants. The formalisation of the enterprise risk management framework involved developing the risk profile where principal business risks, which could affect the achievement of the strategic business objective of the Group, are systematically identified, evaluated and mitigated.

A risk management committee was formalised in 2006. The committee is dedicated to meet its obligations and fiduciary responsibilities to stakeholders of the Group. It is actively reviewing the framework to enhance the identification, evaluation and communication of the overall risk process to ensure critical risks (present and potential) are managed systematically and communicated to the Board on a timely basis. The committee also would ensure the framework is relevant and adaptive to changes in the business environment from time to time.

### Other Features of the Group's System of Internal Control

Other features of the Group's system of internal control include the following:

- Quality Policy and Quality Objectives which clearly outlined the Group's direction
- Clear organisation structure with delineated reporting lines
- Clearly defined objectives and term of reference of the various Committees established by the Board
- Frequent visits to the job sites by Executive Directors and Senior Management
- Process and procedures in accordance with the requirements of MS ISO 9001:2000 certification
- Staff Handbook available for reference
- Project Budget and controls

The Board recognises that the Group operates in a dynamic business environment and that the Group's internal control system must be responsive to changes in the business environment and continuously evolves to support its business objectives. The review of all control procedures were continuously carried out throughout the period under review to ensure an effective and efficient system of internal control. The Board remains committed towards continuous improvements and enhancements of its system of internal control and will, when necessary, put in place action plans to ensure that there is increased certainty of the achievement of business objectives, thus enhancing shareholders' value.

This Statement is made in accordance with the resolution of the Board of Directors dated 27 April 2010.

# Corporate Social Responsibility

Encouraged by the success of the Corporate Social Responsibilities ("CSR") initiatives in the previous year, the Group continues to strengthen its commitment in CSR this year.

The Group has chosen a more pleasurable and entertaining way in its community engagement activities this year.

The highlight of 2009 is the Group's participation in the annual Kuala Lumpur Rat Race®, a charitable event co-organised by Bursa Malaysia and The Edge that managed to raise RM 1.75 million for 20 charitable organisations.

This event is very meaningful in a number of ways. Most importantly this event brings unity among the representatives of all the corporations around the country irrespective of race and religion – analogous to the spirit of 1 Malaysia. It is also a social event that creates awareness and importance of helping the more unfortunate to live in a manner they deserve like any other human being. In addition, the Group's participation in the event is synonymous to promoting a healthy work-and-play balance among its management and staff.

In the same year, the Group's subsidiary company 3 Two Square Sdn Bhd collaborated with pharmaceutical company, Novartis as a venue sponsor to hold a free health screening event specifically on identifying high blood pressure in conjunction with the World Hypertension Day. The Malaysian Society of Hypertension reported in the TheStar newspaper in 29 January 2010, an estimated 4.8 million Malaysians were affected by hypertension and this represented a 33% rise from the past 10 years.

As a good corporate citizen, the Group organised this event with the view to offer a good opportunity for people to check on their health condition as well as creating better awareness on hypertension. As expected, this event generated much support and saw encouraging participation from large group of workers from its office tenants as well as its own staff.

## WORKPLACE DEVELOPMENT

The Group recognises the importance of equipping its management and staff with the right skills and knowledge in order to perform their duties professionally. In this aspect, the Group ensures sufficient budget allocation every year for the purpose of acquiring both relevant professional and skills enrichment programmes as part of workplace development.

## ENVIRONMENTAL SUSTAINABILITY

As a major construction player in the country, the Group's activities are often be subjected to adverse environmental impact, in particular the effects of extreme weather pattern.
According to The Department of Ecology in the United States ("US"), one of the main causes of extreme weather is the release of carbon dioxide (CO2) and heat from energy consumption into the atmosphere. The Natural Defense Council headquartered in New York, US recommended the use of energy efficient light bulbs as one of the many ways to combat further environmental degradation.

In 2009, the Group started an energy saving initiative with the aim of replacing over 4,000 traditional light bulbs currently located at its headquarter, 3 Two Square into energy efficient bulbs based on a patented US technology. Test conducted and revealed that the energy efficient bulbs were expected to consume 39% less energy annually compared to traditional ones.

# Statement on Directors' Responsibility

*Pursuant to paragraph 15.27(a) of the listing requirements of Bursa Malaysia Securities Berhad*

As required under the Companies Act, 1965 (“Act”), the Directors of **Crest Builder Holdings Berhad** have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company for the financial year ended 31 December 2009.

In the process of preparing these financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the year. In cases where judgement and estimates were made, they were based on reasonableness and prudence.

Additionally, the Directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board of Directors dated 27 April 2010.

# FINANCIAL STATEMENTS





# Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

## PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company.

The principal activities of the Subsidiary Companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

| | GROUP RM | COMPANY RM |
|---|---|---|
| Profit for the year | 10,986,558 | 3,856,909 |

## DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final dividend of 3 sen gross per ordinary share less income tax at 25% amounting to RM2,792,013 in respect of financial year ended 31 December 2008 on 6 August 2009.

At the forthcoming Annual General Meeting, a first and final dividend of 4 sen gross per ordinary share less income tax at 25% on 124,089,450 ordinary shares of RM1-00 each amounting to RM3,722,684 (3 sen net per ordinary share) in respect of the current financial year ended 31 December 2009 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES

During the financial year, no shares or debentures were issued.

## WARRANTS 2003 / 2013

On 25 February 2003, the Company issued a renounceable rights issue of 24,000,000 warrants to entitled shareholders at an issue price of RM0-30 per warrant, on the basis of 1-008 warrants for every four (4) existing shares held on the entitlement date.

No warrants were converted during the financial year.

As at 31 December 2009, the total number of warrants which remain unconverted amounted to 23,999,050 units.

Details of the warrants are disclosed in Note 20 to the financial statements.

## EMPLOYEE SHARE OPTION SCHEME

On 14 March 2007, approval was granted by the shareholders at the Extraordinary General Meeting held for the establishment of Crest Builder Holdings Berhad Employee Share Option Scheme ("ESOS"). The ESOS is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting. The ESOS was implemented on 19 April 2007 and is to be in force for a period of five (5) years and expiring on 18 April 2012.

The ESOS Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM1-00 each in the Company.

The salient features of the ESOS are as follows:-

(a) The total number of shares to be offered shall not exceed in aggregate 10% of the issued and fully paid-up share capital of the Company at any point of offer during the duration of the ESOS.

(b) Eligible persons for the ESOS are full time confirmed employees of the Group who have been employed for a period of at least six (6) months, and Directors of the Group who have been appointed for a period of at least three (3) months and the entitlement have been approved by the shareholders of the Company in general meeting.

(c) Subject to paragraph (d) below, no option shall be granted for less than 100 shares.

(d) In the event of any alteration in the capital structure of the Company except for certain exemptions, adjustments will be made to the option price and / or the number of shares in respect of options granted but not exercised, such that the grantee will be entitled to the same proportion of the issued and paid-up share capital of the Company prior to the event giving rise to such alteration.

(e) The price at which the grantee is entitled to subscribe for each new ordinary share shall be the higher of the following:-

    (i) at a discount of not more than 10% from the weighted average market price of the ordinary shares for the five (5) market days as shown in the daily official list issued by the Bursa Malaysia Securities Berhad immediately preceding the date of offer; or

    (ii) the par value of the ordinary shares.

(f) The option granted may be exercised at any time within a period of five (5) years from 19 April 2007.

Information in respect of the number of share options granted under the ESOS is as follows:-

| | Number of share options | |
|---|---|---|
| | 2009 | 2008 |
| At 1 January | 5,870,000 | 6,129,500 |
| Granted | 1,340,000 | 1,125,000 |
| Exercised | – | (178,000) |
| Lapsed due to resignation | (585,000) | (1,206,500) |
| At 31 December | 6,625,000 | 5,870,000 |

The movements of options over unissued new ordinary shares of RM1-00 each of the Company granted under the ESOS during the financial year are as follows :-

| | | Number of share options | | | | |
|---|---|---|---|---|---|---|
| **Date of offer** | **Option price** | **1/1/2009** | **Granted** | **Exercised** | **Lapsed** | **31/12/2009** |
| 19/4/2007 | RM1-00 | 4,855,000 | – | – | 325,000 | 4,530,000 |
| 19/4/2008 | RM1-00 | 1,015,000 | – | – | 180,000 | 835,000 |
| 19/4/2009 | RM1-00 | – | 1,340,000 | – | 80,000 | 1,260,000 |

The Company has been granted exemption by the Companies Commissions of Malaysia under Section 169(11) of the Companies Act, 1965 from having to disclose the names of option holders, other than Directors, who have been granted options to subscribe for less than 40,000 ordinary shares of RM1-00 each.

Other than the Directors whose interests are disclosed separately in the Directors' interests, the names of option holders granted options to subscribe for 40,000 or more ordinary shares of RM1-00 each are as disclosed in Note 46 to the financial statements.

## DIRECTORS

The Directors in office since the date of the last report are:-

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH
YONG SOON CHOW
KOH HUA LAN
LEE SOOI TENG
YONG SHANG MING
KEONG CHOON KEAT
MOHD KHASAN BIN AHMAD
KAM YONG KAN
YONG TIOK KENG *(Appointed w.e.f. 25 / 5 / 2009, alternate to KOH HUA LAN)*

In accordance with Article 79 of the Company's Article of Association, LEE SOOI TENG, KEONG CHOON KEAT and MOHD KHASAN BIN AHMAD retire from the board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act, 1965, interests in shares, options over ordinary shares and warrants of the Company as stated below:-

| | Number of ordinary shares of RM1-00 each | | | |
|---|---|---|---|---|
| | **At 1/1/2009** | **Bought** | **Sold** | **At 31/12/2009** |
| COMPANY | | | | |
| DIRECT INTEREST | | | | |
| YONG SOON CHOW | 43,198,000 | – | – | 43,198,000 |
| KOH HUA LAN | 3,945,500 | – | – | 3,945,500 |
| LEE SOOI TENG | 250,000 | – | – | 250,000 |
| YONG SHANG MING | 195,000 | 175,000 | – | 370,000 |
| KEONG CHOON KEAT | 20,000 | – | – | 20,000 |
| KAM YONG KAN | 30,000 | – | – | 30,000 |

| | | Number of ordinary shares of RM1-00 each | | | |
|---|---|---|---|---|---|
| | | At 1/1/2009 | Bought | Sold | At 31/12/2009 |
| **COMPANY** | | | | | |
| INDIRECT INTEREST | | | | | |
| TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH | (a) | 6,807,939 | – | – | 6,807,939 |
| YONG SOON CHOW | (b) | 11,805,808 | 175,000 | – | 11,980,808 |
| LEE SOOI TENG | (c) | 12,000 | – | – | 12,000 |
| KEONG CHOON KEAT | (c) | 30,000 | – | – | 30,000 |

| | Number of options over ordinary shares of RM1-00 each | | | |
|---|---|---|---|---|
| | At 1/1/2009/ date of appointment | Granted | Exercised | At 31/12/2009 |
| **COMPANY'S ESOS** | | | | |
| TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH | 200,000 | – | – | 200,000 |
| YONG SOON CHOW | 1,000,000 | – | – | 1,000,000 |
| KOH HUA LAN | 500,000 | – | – | 500,000 |
| LEE SOOI TENG | 500,000 | – | – | 500,000 |
| YONG SHANG MING | 50,000 | 450,000 | – | 500,000 |
| KEONG CHOON KEAT | 100,000 | – | – | 100,000 |
| MOHD KHASAN BIN AHMAD | 100,000 | – | – | 100,000 |
| KAM YONG KAN | 100,000 | – | – | 100,000 |
| YONG TIOK KENG | 75,000 | – | – | 75,000 |

| | | Number of warrants | | | |
|---|---|---|---|---|---|
| | | At 1/1/2009 | Bought | Sold | At 31/12/2009 |
| **COMPANY** | | | | | |
| DIRECT INTEREST | | | | | |
| YONG SOON CHOW | | 7,999,916 | – | – | 7,999,916 |
| KOH HUA LAN | | 1,400,000 | – | – | 1,400,000 |
| INDIRECT INTEREST | | | | | |
| TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH | (a) | 3,000,000 | – | – | 3,000,000 |
| YONG SOON CHOW | (c) | 1,400,000 | – | – | 1,400,000 |

(a) Held by a company in which the Director has interest

(b) Held by spouse and dependent

(c) Held by spouse

By virtue of his interest in the shares of the Company and pursuant to Section 6A of the Companies Act, 1965, YONG SOON CHOW is also deemed interested in the shares of all the Subsidiary Companies to the extent the Company has an interest.

Other than as disclosed above, the other Directors in office at the end of the financial year had no interest in the shares, options over ordinary shares and warrants of the Company and its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received 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 shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 40 to the financial statements.

Neither during nor at the end of the financial 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, other than those arising from the share options granted pursuant to the ESOS and warrants.

## OTHER STATUTORY INFORMATION

(a) Before the financial statements 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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

    ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable value.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:-

    i) it necessary to write off any bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

    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 the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) 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 other than as disclosed in Note 39 to the financial statements.

(f) In the opinion of the Directors:-

i) no contingent liability 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 and of the Company to meet their obligations when they fall due;

ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

iii) 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 and of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENTS

The significant events during the financial year are disclosed in Note 41 to the financial statements.

## SIGNIFICANT SUBSEQUENT EVENT

Significant event subsequent to the balance sheet date is disclosed in Note 42 to the financial statements.

## AUDITORS

The Auditors, GEP Associates, have indicated their willingness to continue in office.

Signed in accordance with a resolution of the Directors dated 27 April 2010

**CHAIRMAN**
TENGKU DATO' SULAIMAN SHAH BIN
TENGKU ABDUL JALIL SHAH

**MANAGING DIRECTOR**
YONG SOON CHOW

Petaling Jaya

Dated: 27 April 2010

# Statement By Directors

We, TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH and YONG SOON CHOW, being two of the Directors of CREST BUILDER HOLDINGS BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 41 to 99 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable 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 of 31 December 2009 and of their financial performance and cash flows for the year then ended.

Signed in accordance with a resolution of the Directors dated 27 April 2010

**CHAIRMAN**
TENGKU DATO' SULAIMAN SHAH BIN
TENGKU ABDUL JALIL SHAH

**MANAGING DIRECTOR**
YONG SOON CHOW

Petaling Jaya

Dated: 27 April 2010

# Statutory Declaration

I, GOH SIN HUAT, being the officer primarily responsible for the financial management of CREST BUILDER HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 41 to 99 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )
GOH SIN HUAT )
at Petaling Jaya )
on 27 April 2010 )

GOH SIN HUAT

Before me

COMMISSIONER FOR OATHS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CREST BUILDER HOLDINGS BERHAD, which comprise the balance sheets as at 31 December 2009 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 41 to 99.

*Directors' Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 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 Subsidiary Companies have been properly kept in accordance with the provisions of the Act.

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

c) Our audit reports on the accounts of the Subsidiary Companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

# Independent Auditors' Report
*To The Members Of Crest Builder Holdings Berhad (Cont'd)*

## 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.

**GEP ASSOCIATES**
No : AF 1030
Chartered Accountants

**GONG WOOI TEIK**
No : 741 / 04 / 10 (J)
Chartered Accountant

Petaling Jaya

Dated: 27 April 2010

# Consolidated Balance Sheet
*AS AT 31 DECEMBER 2009*

| | Note | 2009 RM | 2008 RM (Restated) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 27,344,217 | 14,854,508 |
| Prepaid land lease payments | 5 | 38,206,376 | – |
| Investment properties | 6 | 83,851,004 | 83,851,004 |
| Other investments | 8 | 4,054,000 | 8,554,000 |
| Goodwill on consolidation | 9 | 33,604,364 | 33,604,364 |
| Land held for property development | 10 | 15,116,013 | 29,335,930 |
| | | 202,175,974 | 170,199,806 |
| **Current assets** | | | |
| Property development costs | 11 | 20,858,249 | 13,798,747 |
| Inventories | 12 | 2,015,000 | 5,433,680 |
| Trade receivables | 13 | 106,439,757 | 100,695,411 |
| Amounts due from contract customers | 14 | 157,791,041 | 152,200,283 |
| Other receivables, deposits and prepayments | 15 | 17,808,754 | 12,745,599 |
| Tax recoverable | | 4,523,832 | 3,962,152 |
| Cash and bank balances | 17 | 23,428,998 | 18,096,953 |
| | | 332,865,631 | 306,932,825 |
| **TOTAL ASSETS** | | 535,041,605 | 477,132,631 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to equity holders of the Company** | | | |
| Share capital | 18 | 124,089,450 | 124,089,450 |
| Reserves | 19 | 106,691,593 | 98,452,166 |
| **Total equity** | | 230,781,043 | 222,541,616 |
| **Non-current liabilities** | | | |
| Loans | 21 | 108,510,322 | 43,188,427 |
| Hire purchase payables | 22 | 2,640,752 | 1,882,386 |
| Deferred tax liabilities | 23 | 294,709 | 532,340 |
| | | 111,445,783 | 45,603,153 |

# Consolidated Balance Sheet

*AS AT 31 DECEMBER 2009 (Cont'd)*

| | Note | 2009 RM | 2008 RM (Restated) |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade payables | 24 | 108,810,119 | 86,630,607 |
| Amounts due to contract customers | 14 | 662,767 | 4,265,309 |
| Progress billings in respect of property development costs | | 14,689,461 | 12,068,033 |
| Other payables, deposits and accruals | 25 | 24,651,779 | 27,527,298 |
| Hire purchase payables | 22 | 2,407,021 | 2,082,243 |
| Bank overdraft | 27 | 10,768,620 | 7,982,303 |
| Other bank borrowings | 28 | 30,820,458 | 68,425,872 |
| Provision for taxation | | 4,554 | 6,197 |
| | | 192,814,779 | 208,987,862 |
| **Total liabilities** | | 304,260,562 | 254,591,015 |
| **TOTAL EQUITY AND LIABILITIES** | | 535,041,605 | 477,132,631 |

The accompanying Notes form an integral part of the Financial Statements.

# Consolidated Income Statement
*FOR THE YEAR ENDED 31 DECEMBER 2009*

| | Note | 2009 RM | 2008 RM |
|---|---|---|---|
| Revenue | 29 | 329,563,766 | 270,275,129 |
| Cost of sales | 29 | (288,685,363) | (229,091,889) |
| Gross profit | | 40,878,403 | 41,183,240 |
| Other operating income | | 2,519,245 | 2,849,240 |
| | | 43,397,648 | 44,032,480 |
| Administrative expenses | | (17,544,533) | (17,397,201) |
| Profit from operations | 30 | 25,853,115 | 26,635,279 |
| Finance costs | 33 | (8,288,430) | (8,027,686) |
| Profit before taxation | | 17,564,685 | 18,607,593 |
| Income tax expense | 34 | (6,578,127) | (6,264,333) |
| Profit after taxation | | 10,986,558 | 12,343,260 |
| Earnings per share attributable to equity holders of the Company (sen):- | | | |
| - Basic | 35 | 8-85 | 9-95 |
| - Diluted | 35 | N/A | N/A |
| Dividends per share (sen) | 36 | 4-00 | 3-00 |

The accompanying Notes form an integral part of the Financial Statements.

# Consolidated Statement Of Changes In Equity

*FOR THE YEAR ENDED 31 DECEMBER 2009*

| | | Attributable to equity holders of the Company | | | | |
|---|---|---|---|---|---|---|
| | | | Non-distributable | | Distributable | |
| | Note | Share capital RM | Capital reserve RM | Share option reserve RM | Retained earnings RM | Total equity RM |
| At 1 January 2008 | | 123,911,450 | 4,048,375 | 180,702 | 88,212,478 | 216,353,005 |
| Profit for the year | | – | – | – | 12,343,260 | 12,343,260 |
| | | 123,911,450 | 4,048,375 | 180,702 | 100,555,738 | 228,696,265 |
| Dividends | 36 | – | – | – | (6,427,834) | (6,427,834) |
| Issue of shares pursuant to ESOS | 18 | 178,000 | 25,244 | (25,244) | – | 178,000 |
| Share options granted under ESOS | 19 | – | – | 95,185 | – | 95,185 |
| At 31 December 2008 | | 124,089,450 | 4,073,619 | 250,643 | 94,127,904 | 222,541,616 |
| At 1 January 2009 | | 124,089,450 | 4,073,619 | 250,643 | 94,127,904 | 222,541,616 |
| Profit for the year | | – | – | – | 10,986,558 | 10,986,558 |
| | | 124,089,450 | 4,073,619 | 250,643 | 105,114,462 | 233,528,174 |
| Dividends | 36 | – | – | – | (2,792,013) | (2,792,013) |
| Share options granted under ESOS | 19 | – | – | 44,882 | – | 44,882 |
| At 31 December 2009 | | 124,089,450 | 4,073,619 | 295,525 | 102,322,449 | 230,781,043 |

The accompanying Notes form an integral part of the Financial Statements.

| | 2009 RM | 2008 RM (Restated) |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | 17,564,685 | 18,607,593 |
| Adjustments for:- | | |
| Allowance for diminution in value | 4,500,000 | – |
| Amortisation of prepaid land lease payments | 101,075 | – |
| Depreciation | 4,053,485 | 3,922,348 |
| ESOS expenses | 44,882 | 95,185 |
| Gain on disposal of property, plant and equipment | (509,700) | (774,000) |
| Interest expense | 8,288,430 | 8,027,686 |
| Interest income | (267,041) | (822,315) |
| Short-term accumulating compensated absences | (32,872) | (247,256) |
| Operating profit before working capital changes | 33,742,944 | 28,809,241 |
| (Increase) / Decrease in property development costs | (7,059,502) | 1,731,326 |
| Decrease in inventories | 3,418,680 | 5,287,218 |
| (Increase) / Decrease in trade receivables | (5,744,346) | 30,343,022 |
| Increase in amounts due from contract customers | (5,590,758) | (29,637,717) |
| (Increase) / Decrease in other receivables, deposits and prepayments | (5,063,155) | 2,610,379 |
| Increase in trade payables | 22,179,512 | 3,021,781 |
| Decrease in amounts due to contract customers | (3,602,542) | (6,668,027) |
| Increase / (Decrease) in progress billings | 2,621,428 | (223,306) |
| Decrease in other payables, deposits and accruals | (2,842,647) | (4,568,226) |
| | (1,683,330) | 1,896,450 |
| Cash generated from operations | 32,059,614 | 30,705,691 |
| Income tax paid | (7,379,081) | (11,738,520) |
| Income tax refund | – | 717,392 |
| Net cash generated from operating activities carried forward | 24,680,533 | 19,684,563 |

# Consolidated Cash Flow Statement

*FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)*

| | Note | 2009 RM | 2008 RM (Restated) |
|---|---|---|---|
| Net cash generated from operating activities brought forward | | 24,680,533 | 19,684,563 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Decrease / (Increase) in development expenditure | | 5,138,380 | (8,200,196) |
| Proceeds from disposal of property, plant and equipment | | 509,700 | 774,000 |
| Purchase of property, plant and equipment | | (3,527,831) | (1,121,246) |
| Purchase of leasehold land | | (38,307,451) | – |
| Interest received | | 267,041 | 822,315 |
| Net cash used in investing activities | | (35,920,161) | (7,725,127) |
| | | (11,239,628) | 11,959,436 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Fixed deposits uplifted / (pledged) | | 265,408 | (108,171) |
| Proceeds from issuance of ordinary shares | | – | 178,000 |
| Loan raised | | 75,533,000 | 85,520 |
| Repayments of term loans | | (47,816,519) | (5,902,964) |
| Repayments of hire purchase payables | | (2,850,682) | (2,225,311) |
| Interest paid | | (8,288,430) | (8,027,686) |
| Dividends paid | | (2,792,013) | (6,427,834) |
| Net cash generated from / (used in) financing activities | | 14,050,764 | (22,428,446) |
| Net increase / (decrease) in cash and cash equivalents | | 2,811,136 | (10,469,010) |
| Cash and cash equivalents brought forward | | 6,720,079 | 17,189,089 |
| Cash and cash equivalents carried forward | 17 | 9,531,215 | 6,720,079 |

The accompanying Notes form an integral part of the Financial Statements.

| | Note | 2009 RM | 2008 RM |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 5,304 | 6,751 |
| Investments in Subsidiary Companies | 7 | 94,775,268 | 94,775,268 |
| Other investments | 8 | 4,000,000 | 8,500,000 |
| | | 98,780,572 | 103,282,019 |
| **Current assets** | | | |
| Other receivable and prepayments | 15 | 315,268 | 556,966 |
| Amounts due from Subsidiary Companies | 16 | 139,497,220 | 125,151,098 |
| Tax recoverable | | 492,467 | 301,231 |
| Cash and bank balances | 17 | 16,825,433 | 51,415 |
| | | 157,130,388 | 126,060,710 |
| **TOTAL ASSETS** | | 255,910,960 | 229,342,729 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to equity holders of the Company** | | | |
| Share capital | 18 | 124,089,450 | 124,089,450 |
| Reserves | 19 | 18,123,631 | 17,013,853 |
| **Total equity** | | 142,213,081 | 141,103,303 |
| **Non-current liabilities** | | | |
| Loans | 21 | 107,350,000 | 40,000,000 |
| **Current liabilities** | | | |
| Other payables and accruals | 25 | 2,780,059 | 2,999,426 |
| Amounts due to Subsidiary Companies | 26 | 249,716 | 240,000 |
| Bank overdraft | 27 | 868,104 | – |
| Other bank borrowings | 28 | 2,450,000 | 45,000,000 |
| | | 6,347,879 | 48,239,426 |
| **Total liabilities** | | 113,697,879 | 88,239,426 |
| **TOTAL EQUITY AND LIABILITIES** | | 255,910,960 | 229,342,729 |

The accompanying Notes form an integral part of the Financial Statements.

# Income Statement

*FOR THE YEAR ENDED 31 DECEMBER 2009*

| | Note | 2009 RM | 2008 RM |
|---|---|---|---|
| Revenue | 29 | 18,928,367 | 16,052,436 |
| Cost of sales | | – | – |
| Gross profit | | 18,928,367 | 16,052,436 |
| Other operating income | | – | – |
| | | 18,928,367 | 16,052,436 |
| Administrative expenses | | (5,891,995) | (674,893) |
| Profit from operations | 30 | 13,036,372 | 15,377,543 |
| Finance costs | 33 | (6,620,699) | (6,470,178) |
| Profit before taxation | | 6,415,673 | 8,907,365 |
| Income tax expense | 34 | (2,558,764) | (1,160,216) |
| Profit after taxation | | 3,856,909 | 7,747,149 |

The accompanying Notes form an integral part of the Financial Statements.

# Statement Of Changes In Equity
*FOR THE YEAR ENDED 31 DECEMBER 2009*

| | Note | Share capital RM | Non-distributable Capital reserve RM | Non-distributable Share option reserve RM | Distributable Retained earnings RM | Total equity RM |
|---|---|---|---|---|---|---|
| At 1 January 2008 | | 123,911,450 | 4,048,375 | 180,702 | 11,370,276 | 139,510,803 |
| Profit for the year | | – | – | – | 7,747,149 | 7,747,149 |
| | | 123,911,450 | 4,048,375 | 180,702 | 19,117,425 | 147,257,952 |
| Dividends | 36 | – | – | – | (6,427,834) | (6,427,834) |
| Issue of shares pursuant to ESOS | 18 | 178,000 | 25,244 | (25,244) | – | 178,000 |
| Share options granted under ESOS | 19 | – | – | 95,185 | – | 95,185 |
| At 31 December 2008 | | 124,089,450 | 4,073,619 | 250,643 | 12,689,591 | 141,103,303 |
| At 1 January 2009 | | 124,089,450 | 4,073,619 | 250,643 | 12,689,591 | 141,103,303 |
| Profit for the year | | – | – | – | 3,856,909 | 3,856,909 |
| | | 124,089,450 | 4,073,619 | 250,643 | 16,546,500 | 144,960,212 |
| Dividends | 36 | – | – | – | (2,792,013) | (2,792,013) |
| Share options granted under ESOS | 19 | – | – | 44,882 | – | 44,882 |
| At 31 December 2009 | | 124,089,450 | 4,073,619 | 295,525 | 13,754,487 | 142,213,081 |

The accompanying Notes form an integral part of the Financial Statements.

# Cash Flow Statement

*FOR THE YEAR ENDED 31 DECEMBER 2009*

| | 2009 RM | 2008 RM |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | 6,415,673 | 8,907,365 |
| Adjustments for:- | | |
| Allowance for diminution in value | 4,500,000 | – |
| Depreciation | 1,447 | 1,446 |
| Dividend income | (13,000,000) | (10,000,000) |
| ESOS expenses | 44,882 | 95,185 |
| Interest expense | 6,620,699 | 6,470,178 |
| Interest income | (5,928,367) | (6,052,436) |
| Operating loss before working capital changes | (1,345,666) | (578,262) |
| Decrease in other receivable and prepayments | 241,698 | 374,022 |
| (Decrease) / Increase in other payables and accruals | (219,367) | 47,205 |
| | 22,331 | 421,227 |
| Cash used in operations | (1,323,335) | (157,035) |
| Income tax refund | – | 717,392 |
| Net cash (used in) / generated from operating activities | (1,323,335) | 560,357 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Acquisition of additional shares in Subsidiary Company | – | (9,998) |
| Interest received | 5,928,367 | 6,052,436 |
| Dividend received | 10,250,000 | 8,700,000 |
| Net cash generated from investing activities | 16,178,367 | 14,742,438 |
| Balance carried forward | 14,855,032 | 15,302,795 |

| | Note | 2009 RM | 2008 RM |
|---|---|---|---|
| Balance brought forward | | 14,855,032 | 15,302,795 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issuance of shares | | – | 178,000 |
| Loan raised | | 70,000,000 | – |
| Repayment of term loans | | (45,200,000) | – |
| Increase in amounts due from Subsidiary Companies | | (14,346,122) | (2,752,419) |
| Increase in amounts due to Subsidiary Companies | | 9,716 | – |
| Interest paid | | (6,620,699) | (6,470,178) |
| Dividends paid | | (2,792,013) | (6,427,834) |
| Net cash generated from / (used in) financing activities | | 1,050,882 | (15,472,431) |
| Net increase / (decrease) in cash and cash equivalents | | 15,905,914 | (169,636) |
| Cash and cash equivalents brought forward | | 51,415 | 221,051 |
| Cash and cash equivalents carried forward | 17 | 15,957,329 | 51,415 |

The accompanying Notes form an integral part of the Financial Statements.

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at 14-2, Jalan 4A/27A, Section 2, Wangsa Maju, 53300 Kuala Lumpur and Penthouse, The Crest, 3 Two Square, 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan respectively.

The principal activity of the Company is investment holding.

The principal activities of the Subsidiary Companies are disclosed in Note 7 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 27 April 2010.

## 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia.

These financial statements have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

These financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Changes in accounting policies

The Group and the Company have not early adopted the following new and revised FRSs, Issues Committee Interpretations ("IC Int.") and amendments to FRSs which are mandatory for financial periods beginning on or after the respective dates as follows:-

i) Financial periods beginning on or after 1 July 2009

| | |
|---|---|
| FRS 8 | Operating Segments |

ii) Financial periods beginning on or after 1 January 2010

| | |
|---|---|
| FRS 4 | Insurance Contracts |
| FRS 7 | Financial Instruments : Disclosures |
| FRS 101 | Presentation of Financial Statements (revised) |
| FRS 123 | Borrowing Costs |
| FRS 139 | Financial Instruments : Recognition and Measurement |
| IC Int. 9 | Reassessment of Embedded Derivatives |
| IC Int. 10 | Interim Financial Reporting and Impairment |
| IC Int. 11 | FRS 2 - Group and Treasury Share Transactions |
| IC Int. 13 | Customer Loyalty Programmes |
| IC Int. 14 | FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Changes in accounting policies (Cont'd)

ii) Financial periods beginning on or after 1 January 2010 (Cont'd)

Amendments to FRS 2 Share-based Payment - Vesting Conditions and Cancellations

Amendments to FRS 132 Financial Instruments : Presentation

Amendments to FRS 139 Financial Instruments : Recognition and Measurement, FRS 7 Financial Instruments : Disclosures and IC Int. 9 Reassessment of Embedded Derivatives

Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"

iii) Financial periods beginning on or after 1 March 2010

Amendments to FRS 132 Financial Instruments : Presentation - Classification of Rights Issues

iv) Financial periods beginning on or after 1 July 2010

| | |
|---|---|
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 3 | Business Combinations (revised) |
| FRS 127 | Consolidated and Separate Financial Statements (amended) |
| IC Int. 12 | Service Concession Arrangements |
| IC Int. 15 | Agreements for the Construction of Real Estate |
| IC Int. 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Int. 17 | Distributions of Non-cash Assets to Owners |

Amendments to FRS 2 Share-based Payment

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 138 Intangible Assets

Amendments to IC Int. 9 Reassessment of Embedded Derivatives

v) Financial periods beginning on or after 1 January 2011

Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 7 Improving Disclosures about Financial Instruments

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and of the Company upon their initial application:-

a) FRS 3 : Business Combinations (revised) and FRS 127 : Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Changes in accounting policies (Cont'd)

a) FRS 3 : Business Combinations (revised) and FRS 127 : Consolidated and Separate Financial Statements (amended) (Cont'd)

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

b) FRS 8 : Operating Segment

FRS 8 replaces FRS $114_{2004}$ : Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

c) FRS 101 : Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The standard also introduces the statement of comprehensive income : presenting all items of income and expenses recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

d) FRS 123 : Borrowing Costs

This standard supersedes FRS$123_{2004}$ : Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense.

e) FRS 139 : Financial Instruments : Recognition and Measurement, FRS 7 : Financial Instruments : Disclosures and Amendments to FRS 139 : Financial Instruments : Recognition and Measurement, FRS 7 Financial Instruments : Disclosures

The new standard on FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132 : Financial Instruments : Presentation and the requirements for disclosing information about financial instruments are in FRS 7 : Financial Instruments : Disclosures.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Changes in accounting policies (Cont'd)

e) FRS 139 : Financial Instruments : Recognition and Measurement, FRS 7 : Financial Instruments : Disclosures and Amendments to FRS 139 : Financial Instruments : Recognition and Measurement, FRS 7 Financial Instruments : Disclosures (Cont'd)

FRS 7 is a new standard that requires new disclosures in relation to financial instruments. The standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

The Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application of these standards in accordance with the respective transitional provisions.

f) IC Interpretation 10 : Interim Financial Reporting and Impairment

This IC prohibits impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date.

g) IC Interpretation 15 : Agreements for the Construction of Real Estate

This IC requires that when the real estate developer is providing construction services to the buyer's specifications, revenue can be recorded only as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit. The Group's current revenue recognition policy for the sales of development properties are recognised in the income statement by using the stage of completion method as described in Note 3.11 and Note 3.19(ii) to the financial statements. The Group is currently assessing the impact of the adoption of this interpretation.

h) Amendments to FRSs 'Improvements to FRSs (2009)'

The 'Improvements to FRSs (2009)' contains amendments to several FRSs as described below:-

- FRS 7 : Financial Instruments : Disclosures clarifies on the presentation of finance costs whereby interest income is not a component of finance costs.

- FRS 8 : Operating Segments clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures of segment profit or loss that are reviewed or otherwise regularly used by the 'chief operating decision maker'.

- FRS 101 : Presentation of Financial Statements clarifies that assets and liabilities classified as held for trading in accordance with FRS 139 Financial Instruments : Recognition and Measurement are not automatically classified as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.

- FRS 107 : Statement of Cash Flows (formerly known as Cash Flow Statements) clarifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.1 Changes in accounting policies (Cont'd)**

h) Amendments to FRSs 'Improvements to FRSs (2009)' (Cont'd)

- FRS 110 : Events after the Reporting Period (formerly known as Events After the Balance Sheet Date) reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time.

- FRS 116 : Property, Plant and Equipment replaces the term "net selling price" with "fair value less costs to sell". It also clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. This did not result in any reclassification.

- FRS 117 : Leases clarifies that the default classification of the land element in a land and building lease is no longer an operating lease. As a result, leases of land should be classified as either finance or operating, using the general principles of FRS 117.

- FRS 118 : Revenue provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term 'direct costs' with 'transaction costs' as defined in FRS 139.

- FRS 119 : Employee Benefits revises the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. It clarifies that the costs of administering the plan may be either recognised in the rate of return on plan assets or included in the actuarial assumptions used to measure the defined benefit obligation. The amendment further clarifies that amendment to plans that result in a reduction in benefits related to future services are curtailments. It also deleted the reference to the recognition of contingent liabilities to ensure consistency with FRS 137 : Provisions, Contingent Liabilities and Contingent Assets.

- FRS 123 : Borrowing Costs aligns the definition of borrowing costs with FRS 139 by referring to the use of effective interest rate as a component of borrowing cost.

- FRS 127 : Consolidated and Separate Financial Statements clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 130 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

- FRS 134 : Interim Financial Reporting clarifies that earnings per share is disclosed in interim financial reports if an entity is within the scope of FRS 133 : Earnings Per Share.

- FRS 136 : Impairment of Assets clarifies that when discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. The amendment further clarifies that the largest cash-generating unit for group of units to which goodwill should be allocated for purposes of impairment testing is an operating segment as defined in FRS 8.

- FRS 139 : Financial Instruments : Recognition and Measurement clarifies that changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. The amendments remove the reference in FRS 139 to a 'segment' when determining whether an instrument qualifies as a hedge and require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting. The Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application of this standard.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Changes in accounting policies (Cont'd)

h) Amendments to FRSs 'Improvements to FRSs (2009)' (Cont'd)

- FRS 140 : Investment Property requires property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is completed. The Group has previously accounted for such assets using the cost model. The amendment also includes changes in terminology in the standard to be consistent with FRS 108.

3.2 Significant accounting estimates and judgements

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 as follows:-

a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2009 was RM33,604,364 (2008 : RM33,604,364). Further details are as disclosed in Note 9 to the financial statements.

b) Construction contracts and property development

The Group recognises construction contracts and 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 construction contracts and property development costs incurred for the work performed to date bear to the estimated total construction contracts and property development costs respectively.

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

c) Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including volatility and dividend yield. The assumptions and model used are disclosed in Note 18 to the financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.2 Significant accounting estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

d) Income taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### 3.3 Basis of consolidation

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

Subsidiary Companies 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. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Intragroup balances, transactions and unrealised gains and losses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

Acquisition of Subsidiary Companies are accounted for by applying the purchase method. The purchase method of accounting involves allocating of the acquisition to the fair value of the identifiable assets, 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 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 the income statement.

### 3.4 Property, plant and equipment

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 year in which they are incurred.

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

Freehold land has an unlimited useful life and therefore is not depreciated.

Building-in-progress is stated at cost unless in the opinion of the Directors there is a permanent diminution in value, in which case, provision will be made. Depreciation on building-in-progress commences when the assets are ready for their intended use.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.4 Property, plant and equipment (Cont'd)

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:-

| | |
|---|---|
| Buildings | 2 % |
| Equipment, furniture and fittings | 10 - 20 % |
| Light equipment | 20 % |
| Motor vehicles | 20 % |
| Plant and machinery | 20 % |

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.

### 3.5 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 exception that 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 as disclosed in Note 3.6 to the financial statements.

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 Group'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 represents 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 disclosed in Note 3.4 to the financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.5 Leases (Cont'd)

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 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 3.19(iii)). 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.

### 3.6 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year in which they arise.

### 3.7 Subsidiary Companies

Subsidiary Companies 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 Subsidiary Companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.8 Other investments

Other non-current investments are stated at cost less impairment losses.

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

### 3.9 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Subsequent to 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.

### 3.10 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 asset and is stated at cost less any accumulated impairment losses. Cost includes cost of land and attributable development expenditure.

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.

### 3.11 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 costs 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.

When 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 in respect of property development costs and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings in respect of property development costs.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.12 Inventories

Inventories comprising properties held for sale are valued at the lower of cost and net realisable value.

Cost of unsold completed properties comprises costs associated with the acquisition of land, direct construction costs and appropriate proportions of common cost. Cost of other inventories comprises costs of purchase.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 3.13 Receivables

Receivables are carried at anticipated realisable value. 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.

### 3.14 Construction contracts

When the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised 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.

When 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 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.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is classified as amounts due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amounts due to customers on contracts.

### 3.15 Payables

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

### 3.16 Provisions for liabilities

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.

### 3.17 Borrowings

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.18 Share capital

i) Classification

Ordinary shares are classified as equity.

ii) Share issue costs

External costs directly attributable to the issue of new shares are shown as a deduction in equity.

iii) Dividends

Interim dividends on ordinary shares are accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year in which they are declared payable.

Final dividends proposed by the Board of Directors are not recorded as a liability in the financial statements until they are approved by the shareholders at the Annual General Meeting.

### 3.19 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably.

i) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method where the outcome of the contracts can be reliably estimated. When 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.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as a provision for foreseeable loss.

ii) Property development

Revenue from sale of development properties is accounted for by the stage of completion method in respect of all building units that have been sold. The stage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated. Any expected loss is recognised as an expense in the period in which the loss is identified.

Revenue relating to sale of completed properties is recognised, net of discounts, upon the transfer of significant risks and rewards of ownership to the buyers.

iii) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

iv) Interest income

Interest income is recognised in the income statement on an accrual basis unless collection is in doubt.

v) Dividend income

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.19 Revenue recognition (Cont'd)

vi) Car park income

Car park income is recognised when services are rendered.

### 3.20 Impairment of non-financial assets

The carrying amounts of assets, other than investment properties, construction contract assets, property development costs and inventories, 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 goodwill that has an indefinite useful life, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

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. Goodwill acquired in a business combination is, from the date of the acquisition, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

The recoverable amount of an asset 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 first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss of an asset other than goodwill 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 other than goodwill is increased to its revised recoverable amount to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for the asset in prior years. The reversal is recognised in the income statement.

### 3.21 Employee benefits

i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. 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 are recognised when the absences occur.

ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.21 Employee benefits (Cont'd)**

iii) Share-based compensation

The Crest Builder Holdings Berhad Employee Share Option Scheme ("ESOS"), equity-settled, share-based compensation plan which allow the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to 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 the assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognised 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.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

**3.22 Borrowing costs**

Interest incurred on borrowings directly associated with property development activities is capitalised and included as part of development expenditure during the period where activities to plan, develop and construct the land held for property development and development properties are undertaken. Capitalisation of borrowings costs will be ceased when the development properties are ready for their intended use or sale, or during the period in which development and construction are interrupted.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of the property, plant and equipment during the period of time that is required to complete and prepare the property, plant and equipment for its intended use.

All other interest expense and other costs incurred in connection with borrowings are expensed as incurred.

**3.23 Income tax**

Income tax on the profit or loss 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, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.23 Income tax (Cont'd)

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 in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited 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.

### 3.24 Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash on hand and short-term highly liquid assets that are readily convertible to cash with insignificant risk of changes in value less bank borrowings that are not subject to fixed term of repayment.

### 3.25 Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, investments, receivables, payables and borrowings.

i) Financial instruments recognised in the balance sheet

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, 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 charged directly to 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.

The particular recognition method adopted for financial instruments recognised in the balance sheet is disclosed in the individual accounting policy statements associated with each item.

The Group does not use any derivative financial instrument.

ii) Fair values estimation for disclosure purposes

In assessing the fair values of financial instruments, the Group uses a variety of methods and make assumptions that are based on market conditions existing at each balance sheet date.

The carrying amounts for financial assets and liabilities with a maturity period of less than one (1) year are assumed to approximate their fair values.

### 3.26 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single segment.

## 4. PROPERTY, PLANT AND EQUIPMENT

### GROUP

| Net carrying amount | At 1/1/2009 RM | Transfers (Note 10) RM | Additions RM | Disposals RM | Current depreciation RM | At 31/12/2009 RM |
|---|---|---|---|---|---|---|
| Freehold land | 3,049,653 | – | – | – | – | 3,049,653 |
| Buildings | 1,002,223 | – | – | – | 25,920 | 976,303 |
| Equipment, furniture and fittings | 1,467,554 | – | 125,224 | – | 412,252 | 1,180,526 |
| Light equipment | 2,006,672 | – | 25,500 | – | 660,910 | 1,371,262 |
| Motor vehicles | 3,152,978 | – | 1,191,680 | – | 1,185,535 | 3,159,123 |
| Plant and machinery | 3,864,120 | – | 3,172,150 | – | 1,768,868 | 5,267,402 |
| Building-in-progress | 311,308 | 9,081,537 | 2,947,103 | – | – | 12,339,948 |
| | 14,854,508 | 9,081,537 | 7,461,657 | – | 4,053,485 | 27,344,217 |

| Net carrying amount (restated) | At 1/1/2008 RM | Transfers (Note 6) RM | Additions RM | Disposals RM | Current depreciation RM | At 31/12/2008 RM |
|---|---|---|---|---|---|---|
| Freehold land | 3,049,653 | – | – | – | – | 3,049,653 |
| Buildings | 1,028,143 | – | – | – | 25,920 | 1,002,223 |
| Equipment, furniture and fittings | 1,426,991 | – | 490,656 | – | 450,093 | 1,467,554 |
| Light equipment | 2,004,770 | – | 700,006 | – | 698,104 | 2,006,672 |
| Motor vehicles | 2,592,551 | – | 1,496,584 | – | 936,157 | 3,152,978 |
| Plant and machinery | 4,653,194 | – | 1,023,000 | – | 1,812,074 | 3,864,120 |
| Building-in-progress | – | 311,308 | – | – | – | 311,308 |
| | 14,755,302 | 311,308 | 3,710,246 | – | 3,922,348 | 14,854,508 |

| 2009 | Cost RM | Accumulated depreciation RM | Net carrying amount RM |
|---|---|---|---|
| Freehold land | 3,049,653 | – | 3,049,653 |
| Buildings | 1,295,978 | 319,675 | 976,303 |
| Equipment, furniture and fittings | 4,902,411 | 3,721,885 | 1,180,526 |
| Light equipment | 5,334,900 | 3,963,638 | 1,371,262 |
| Motor vehicles | 8,612,463 | 5,453,340 | 3,159,123 |
| Plant and machinery | 24,814,713 | 19,547,311 | 5,267,402 |
| Building-in-progress | 12,339,948 | – | 12,339,948 |
| | 60,350,066 | 33,005,849 | 27,344,217 |

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| 2008 (restated) | Cost RM | Accumulated depreciation RM | Net carrying amount RM |
|---|---|---|---|
| Freehold land | 3,049,653 | – | 3,049,653 |
| Buildings | 1,295,978 | 293,755 | 1,002,223 |
| Equipment, furniture and fittings | 4,777,187 | 3,309,633 | 1,467,554 |
| Light equipment | 5,309,400 | 3,302,728 | 2,006,672 |
| Motor vehicles | 7,685,245 | 4,532,267 | 3,152,978 |
| Plant and machinery | 23,645,313 | 19,781,193 | 3,864,120 |
| Building-in-progress | 311,308 | – | 311,308 |
| | 46,074,084 | 31,219,576 | 14,854,508 |

**COMPANY**

| Net carrying amount | At 1/1/2009 RM | Additions RM | Disposals RM | Current depreciation RM | At 31/12/2009 RM |
|---|---|---|---|---|---|
| Equipment, furniture and fittings | 6,751 | – | – | 1,447 | 5,304 |

| Net carrying amount | At 1/1/2008 RM | Additions RM | Disposals RM | Current depreciation RM | At 31/12/2008 RM |
|---|---|---|---|---|---|
| Equipment, furniture and fittings | 8,197 | – | – | 1,446 | 6,751 |

| 2009 | Cost RM | Accumulated depreciation RM | Net carrying amount RM |
|---|---|---|---|
| Equipment, furniture and fittings | 14,465 | 9,161 | 5,304 |

| 2008 | Cost RM | Accumulated depreciation RM | Net carrying amount RM |
|---|---|---|---|
| Equipment, furniture and fittings | 14,465 | 7,714 | 6,751 |

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing RM19,343,536 (2008 : RM22,218,384).

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM7,461,657 (2008 : RM3,710,246) of which RM3,933,826 (2008 : RM2,589,000) were acquired by means of hire purchase arrangements.

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Net carrying amounts of assets acquired under hire purchase arrangements of which instalments are still outstanding at the balance sheet date are as follows:-

| | GROUP 2009 RM | GROUP 2008 RM |
|---|---|---|
| Light equipment | 346,133 | 440,533 |
| Motor vehicles | 4,385,650 | 2,798,251 |
| Plant and machinery | 2,611,201 | 2,815,177 |
| | 7,342,984 | 6,053,961 |

The net carrying amount of the Group's freehold land amounting to RM457,697 (2008 : RM457,697) is pledged for borrowings as referred to in Note 21 to the financial statements.

## 5. PREPAID LAND LEASE PAYMENTS

| | GROUP 2009 RM | GROUP 2008 RM |
|---|---|---|
| Long term leasehold land | | |
| Cost | | |
| At 1 January | – | – |
| Addition during the year | 38,307,451 | – |
| At 31 December | 38,307,451 | – |
| Accumulated amortisation | | |
| At 1 January | – | – |
| Amortisation for the year | 101,075 | – |
| At 31 December | 101,075 | – |
| Net carrying amount | | |
| At 31 December | 38,206,376 | – |

The long term leasehold land of the Group has an unexpired lease period of more than 50 years.

The long term leasehold land of the Group has been pledged to a licensed bank as security for credit facilities granted to the Company.

# Notes To The Financial Statements
*- 31 DECEMBER 2009 (Cont'd)*

## 6. INVESTMENT PROPERTIES

| | GROUP 2009 RM | GROUP 2008 RM (Restated) |
|---|---|---|
| At fair value | | |
| At 1 January | 83,851,004 | 88,011,005 |
| Additions during the year | – | 798,988 |
| Disposals during the year | – | (1,111,680) |
| Transfer to property, plant and equipment (Note 4) | – | (311,308) |
| Transfer to inventories (Note 12) | – | (3,536,001) |
| At 31 December | 83,851,004 | 83,851,004 |

Investment properties with an aggregate carrying value of RM81,951,005 (2008 : RM81,951,005) are held under lease terms.

Leasehold land of the Group has an unexpired lease period of more than 50 years.

The fair values of the investment properties of the Group were recommended by the Directors based on valuations carried out by independent professional valuers on an open market value basis.

Investment properties with an aggregate carrying value of RM500,000 (2008 : RM500,000) have been pledged as securities for borrowings as disclosed in Note 21 to the financial statements.

## 7. INVESTMENTS IN SUBSIDIARY COMPANIES

| | COMPANY 2009 RM | COMPANY 2008 RM |
|---|---|---|
| Unquoted shares, at cost | 94,775,268 | 94,775,268 |

The Subsidiary Companies, all of which are incorporated in Malaysia, are as follows:-

| Name of Company | Effective equity interest 2009 % | Effective equity interest 2008 % | Principal activities |
|---|---|---|---|
| 3 Two Square Sdn Bhd | 100 | 100 | Property investment and property development |
| CB Land Sdn Bhd | 100 | 100 | Property investment and property development |
| CBTech (M) Sdn Bhd | 100 | 100 | Mechanical and electrical engineering services |
| Crest Builder International Sdn Bhd | 100 | 100 | Investment holding |
| Crest Builder Sdn Bhd | 100 | 100 | Construction |

## 7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

| Name of Company | Effective equity interest 2009 % | Effective equity interest 2008 % | Principal activities |
|---|---|---|---|
| Crestland Development Sdn Bhd | 100 | 100 | Property investment |
| Crestland Project Management Sdn Bhd | 100 | 100 | Project management |
| Nepfield Sdn Bhd | 100 | 100 | Property investment |
| Vertical Success Sdn Bhd | 100 | 100 | Property investment and property development |

## 8. OTHER INVESTMENTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| At cost | | | | |
| Unquoted bonds, in Malaysia | 8,500,000 | 8,500,000 | 8,500,000 | 8,500,000 |
| Transferable club memberships | 90,000 | 90,000 | – | – |
| | 8,590,000 | 8,590,000 | 8,500,000 | 8,500,000 |
| Less : Accumulated impairment losses | (4,536,000) | (36,000) | (4,500,000) | – |
| | 4,054,000 | 8,554,000 | 4,000,000 | 8,500,000 |

## 9. GOODWILL ON CONSOLIDATION

| | GROUP | |
|---|---|---|
| | 2009 RM | 2008 RM |
| Purchased goodwill | | |
| At 1 January / 31 December | 33,604,364 | 33,604,364 |

## 9. GOODWILL ON CONSOLIDATION (CONT'D)

### 9.1 Impairment tests for goodwill

Goodwill has been allocated to the Group's CGUs identified according to the business segments as follows:-

| | Construction RM | Investment holding RM | Property development RM | Total RM |
|---|---|---|---|---|
| At 31 December 2009 | 33,550,094 | 32,988 | 21,282 | 33,604,364 |
| At 31 December 2008 | 33,550,094 | 32,988 | 21,282 | 33,604,364 |

### 9.2 Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial forecasts approved by management for the next one (1) year. Cash flows beyond the next one (1) year are extrapolated using the growth rates as stated below. The key assumptions used for value-in-use calculations are:-

| | 2009 | | 2008 | |
|---|---|---|---|---|
| | Discount rate % | Growth rate % | Discount rate % | Growth rate % |
| Construction | 8.00 | 10.00 | 8.00 | 10.00 |
| Property development | 8.00 | 10.00 | 8.00 | 10.00 |

The following describes each key assumption on which the management has based its cash flow projections for the purposes of impairment testing of goodwill:-

i) Discount rate

The discount rates used are based on the weighted average cost of capital of the Group.

ii) Growth rate

The growth rates used are consistent with the long term average growth rate for the Group.

### 9.3 Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the construction and property development unit, the management believes that no reasonably possible change in any of the above key assumptions would have caused the carrying values of the units to materially exceed their recoverable amounts.

## 10. LAND HELD FOR PROPERTY DEVELOPMENT

| | GROUP 2009 RM | 2008 RM |
|---|---|---|
| At cost | | |
| Freehold land | | |
| At 1 January | 24,737,314 | 18,044,000 |
| Additions during the year | – | 6,693,314 |
| Transfer to property, plant and equipment (Note 4) | (7,409,705) | – |
| Transfer to property development costs (Note 11) | (4,220,817) | – |
| At 31 December | 13,106,792 | 24,737,314 |
| Development costs | | |
| At 1 January | 4,598,616 | 3,091,734 |
| Costs incurred during the year | 180,525 | 1,506,882 |
| Transfer to property, plant and equipment (Note 4) | (1,671,832) | – |
| Transfer to property development costs (Note 11) | (1,098,088) | – |
| At 31 December | 2,009,221 | 4,598,616 |
| Land held for property development at 31 December | 15,116,013 | 29,335,930 |

Included in development costs incurred during the financial year is interest expense capitalised of RM110,264 (2008 : RM2,250).

Freehold land amounting to RM6,906,792 (2008 : RM11,127,609) is pledged for borrowings as disclosed in Note 21 to the financial statements.

## 11. PROPERTY DEVELOPMENT COSTS

| | GROUP 2009 RM | 2008 RM |
|---|---|---|
| Property development costs at 1 January:- | | |
| Freehold land | 11,227,373 | 11,227,373 |
| Development costs | 34,828,124 | 14,164,191 |
| | 46,055,497 | 25,391,564 |
| Costs incurred during the year:- | | |
| Development costs | 10,977,523 | 20,663,933 |
| Costs transfer from land held for property development (Note 10):- | | |
| Freehold land | 4,220,817 | – |
| Development costs | 1,098,088 | – |
| | 5,318,905 | – |

## 11. PROPERTY DEVELOPMENT COSTS (CONT'D)

| | GROUP 2009 RM | GROUP 2008 RM |
|---|---|---|
| Costs recognised in income statement:- | | |
| At 1 January | (32,256,750) | (9,861,491) |
| Recognised during the year | (9,236,926) | (22,395,259) |
| At 31 December | (41,493,676) | (32,256,750) |
| Property development costs at 31 December | 20,858,249 | 13,798,747 |

Included in development costs incurred during the year is interest expense capitalised of RM246,866 (2008 : RM2,270).

The freehold land is pledged as security for term loan facility as disclosed in Note 21 to the financial statements.

## 12. INVENTORIES

| | GROUP 2009 RM | GROUP 2008 RM (Restated) |
|---|---|---|
| At cost | | |
| Completed properties | – | 1,897,679 |
| Properties held for sale (Note 6) | 2,015,000 | 3,536,001 |
| | 2,015,000 | 5,433,680 |

## 13. TRADE RECEIVABLES

| | GROUP 2009 RM | GROUP 2008 RM |
|---|---|---|
| Trade receivables | 10,562,874 | 15,379,708 |
| Progress billings receivable | 42,785,067 | 40,861,276 |
| Retention sums | 55,089,291 | 46,451,902 |
| | 108,437,232 | 102,692,886 |
| Less : Allowance for doubtful debts | (1,997,475) | (1,997,475) |
| | 106,439,757 | 100,695,411 |

**13. TRADE RECEIVABLES (CONT'D)**

Included in trade receivables of the Group is an amount of RM3,000 (2008 : RM3,000) due from a Company connected to a Director of the Company.

The Group's normal trade credit terms range from 14 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

**14. AMOUNTS DUE FROM / (TO) CONTRACT CUSTOMERS**

| | GROUP | |
|---|---|---|
| | 2009<br>RM | 2008<br>RM |
| Aggregate costs incurred to date | 1,385,362,636 | 1,188,966,774 |
| Attributable profits | 215,236,824 | 185,963,146 |
| | 1,600,599,460 | 1,374,929,920 |
| Progress billings | (1,443,471,186) | (1,226,994,946) |
| | 157,128,274 | 147,934,974 |
| Amounts due from contract customers | 157,791,041 | 152,200,283 |
| Amounts due to contract customers | (662,767) | (4,265,309) |
| | 157,128,274 | 147,934,974 |
| Advances received on contracts, included within progress billings | 17,765,186 | 60,515,218 |

The costs incurred to date on construction contracts include the following charges made during the financial year:-

| | GROUP | |
|---|---|---|
| | 2009<br>RM | 2008<br>RM |
| Hire of plant and machineries | 2,040,118 | 2,072,534 |
| Depreciation of property, plant and equipment | 2,351,878 | 2,384,259 |
| Lease rental | 624,441 | 666,840 |
| Rental of premises | 269,800 | 321,350 |

## 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Other receivables | 15,036,321 | 10,144,581 | 9,536 | 9,536 |
| Deposits | 1,912,954 | 1,911,964 | – | – |
| Prepayments | 1,347,300 | 1,176,875 | 305,732 | 547,430 |
| | 18,296,575 | 13,233,420 | 315,268 | 556,966 |
| Less : Allowance for doubtful debts | (487,821) | (487,821) | – | – |
| | 17,808,754 | 12,745,599 | 315,268 | 556,966 |

## 16. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

The amounts due are unsecured, interest free and without any fixed term of repayment except for an amount of RM80,092,258 (2008 : RM77,673,495) which bears weighted average effective interest rate of 7.36% (2008 : 7.48%) per annum.

## 17. CASH AND CASH EQUIVALENTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Short-term investments | 56,651 | 55,255 | – | – |
| Fixed deposits with licensed banks | 8,339,169 | 7,052,284 | 2,766,000 | – |
| Short-term deposits | 14,000,000 | 9,100,000 | 14,000,000 | – |
| Cash on hand and at banks | 1,033,178 | 1,889,414 | 59,433 | 51,415 |
| Cash and bank balances | 23,428,998 | 18,096,953 | 16,825,433 | 51,415 |
| Less : Bank overdraft (Note 27) | (10,768,620) | (7,982,303) | (868,104) | – |
| Fixed deposits pledged | (3,129,163) | (3,394,571) | – | – |
| Cash and cash equivalents | 9,531,215 | 6,720,079 | 15,957,329 | 51,415 |

Short-term investments comprise of investments in Income Fund. The weighted average effective interest rate of investments in Income Fund is 2.80% (2008 : 3.60%).

Included in fixed deposits of the Group are an amount of RM1,964,656 (2008 : RM1,917,326) pledged to licensed banks for short-term borrowings facilities and an amount of RM1,164,507 (2008 : RM1,477,245) being bank guarantees for performance bonds issued in favour of third parties in respect of projects undertaken by a Subsidiary Company.

## 17. CASH AND CASH EQUIVALENTS (CONT'D)

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 % | 2008 % | 2009 % | 2008 % |
| Short-term deposits with licensed banks | 1.80 | 3.15 | 1.80 | – |
| Fixed deposits with licensed banks | 1.95 | 3.14 | 2.00 | – |

The weighted average maturities of deposits as at balance sheet date were as follows:-

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 Days | 2008 Days | 2009 Days | 2008 Days |
| Short-term deposits with licensed banks | 7 | 14 | 7 | – |
| Fixed deposits with licensed banks | 115 | 182 | 37 | – |

## 18. SHARE CAPITAL

| | GROUP AND COMPANY | | | |
|---|---|---|---|---|
| | 2009 | | 2008 | |
| | Number of shares | Nominal value RM | Number of shares | Nominal value RM |
| Authorised:- | | | | |
| Ordinary shares of RM1-00 each | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 |
| Issued and fully paid:- | | | | |
| Ordinary shares of RM1-00 each | | | | |
| At 1 January | 124,089,450 | 124,089,450 | 123,911,450 | 123,911,450 |
| Issued during the year pursuant to ESOS | – | – | 178,000 | 178,000 |
| At 31 December | 124,089,450 | 124,089,450 | 124,089,450 | 124,089,450 |

## 18. SHARE CAPITAL (CONT'D)

Information in respect of the number of share options granted under the ESOS is as follows:-

| | Number of share options | |
|---|---|---|
| | 2009 | 2008 |
| At 1 January | 5,870,000 | 6,129,500 |
| Granted | 1,340,000 | 1,125,000 |
| Exercised | – | (178,000) |
| Lapsed due to resignation | (585,000) | (1,206,500) |
| At 31 December | 6,625,000 | 5,870,000 |

The movements of options over unissued new ordinary shares of RM1-00 each of the Company granted under the ESOS during the financial year are as follows:-

| | | Number of share options | | | | |
|---|---|---|---|---|---|---|
| Date of offer | Option price | 1/1/2009 | Granted | Exercised | Lapsed | 31/12/2009 |
| 19/4/2007 | RM1-00 | 4,855,000 | – | – | 325,000 | 4,530,000 |
| 19/4/2008 | RM1-00 | 1,015,000 | – | – | 180,000 | 835,000 |
| 19/4/2009 | RM1-00 | – | 1,340,000 | – | 80,000 | 1,260,000 |

Fair value of share options granted during the financial year

The fair value of share options granted during the year was estimated using the Black Scholes 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:-

| | 19 April 2009 | 19 April 2008 | 19 April 2007 |
|---|---|---|---|
| Fair value of share options granted (RM) | 0.05 | 0.13 | 0.14 |
| Share price (RM) | 0-57 | 1-05 | 1-05 |
| Exercise price (RM) | 1-00 | 1-00 | 1-00 |
| Expected volatility (%) | 44.00% | 25.00% | 18.00% |
| Expected life (years) | 3 | 4 | 5 |
| Risk free rate (%) | 2.00% | 3.40% | 3.40% |
| Expected dividend yield (%) | 5.31% | 6.67% | 4.05% |

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the option was incorporated into the measurement of fair value.

## 19. RESERVES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| NON-DISTRIBUTABLE:- | | | | |
| Capital reserve:- | | | | |
| At 1 January | 4,073,619 | 4,048,375 | 4,073,619 | 4,048,375 |
| Issue of shares pursuant to ESOS | – | 25,244 | – | 25,244 |
| At 31 December | 4,073,619 | 4,073,619 | 4,073,619 | 4,073,619 |
| Share option reserve:- | | | | |
| At 1 January | 250,643 | 180,702 | 250,643 | 180,702 |
| Share options granted under ESOS | 44,882 | 95,185 | 44,882 | 95,185 |
| Issue of shares pursuant to ESOS | – | (25,244) | – | (25,244) |
| At 31 December | 295,525 | 250,643 | 295,525 | 250,643 |
| DISTRIBUTABLE:- | | | | |
| Retained earnings | 102,322,449 | 94,127,904 | 13,754,487 | 12,689,591 |
| | 106,691,593 | 98,452,166 | 18,123,631 | 17,013,853 |

(a) Capital reserve

Capital reserve of the Group and of the Company arose from issuance of warrants as disclosed in Note 20 to the financial statements and transfer within reserve for ESOS exercised.

(b) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

(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 tax credit under Section 108 of the Income Tax Act, 1967 and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 tax credit to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2009, the Company has sufficient credit in the 108 balance and tax exempt income account balance to pay franked dividends out of its entire retained earnings.

## 20. WARRANTS 2003 / 2013

The Warrants Issue involves a renounceable rights issue of 24,000,000 warrants to the entitled shareholders at an issue price of RM0-30 per warrant, on the basis of 1-008 warrants for every four (4) existing shares held on the entitlement date.

The principle objective of the Warrants Issue is to generate cash proceeds of RM7,200,000, of which RM7,000,000 was utilised as cash payment to MGR Corporation Berhad's creditors.

The Warrants are convertible into fully paid-up ordinary shares of RM1-00 each in the Company at any time on or before 29 May 2013 at the rate of RM1-00 cash per warrant subject to the terms and conditions set out in the Deed Poll. Warrants not exercised during the period will thereafter lapse and cease to be valid for any purpose.

As at 31 December 2009, 23,999,050 (2008 : 23,999,050) warrants remain unconverted.

## 21. LOANS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Secured | | | | |
| Term loans | 74,318,780 | 7,135,299 | 69,800,000 | – |
| Unsecured | | | | |
| Collateralised loan obligations | 40,000,000 | 85,000,000 | 40,000,000 | 85,000,000 |
| | 114,318,780 | 92,135,299 | 109,800,000 | 85,000,000 |
| Less : Amount repayable within one year (Note 28) | (5,808,458) | (48,946,872) | (2,450,000) | (45,000,000) |
| Amount repayable after one year | 108,510,322 | 43,188,427 | 107,350,000 | 40,000,000 |

21.1 The bank overdraft, bankers acceptance and term loans facilities are secured by way of:-

i) a first legal charge over freehold land known as Lot No. 13824 and 13825, Seksyen 22, Shah Alam, Selangor held under Geran 30437 and 30438, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan;

ii) a first and second legal charge against a 3 storey shop house situated at No. 24, Jalan 30/48, Taman Datu Senu, Sentul, Kuala Lumpur held under H.S. (D) 44166, P.T. No. 16311, Mukim of Setapak, District of Wilayah Persekutuan;

iii) a first and second legal charge against five (5) acres of vacant land known as E.M.R. 8258, Lot No. 5440, Mukim of Kapar, District of Klang, Selangor Darul Ehsan;

iv) loan agreement and third party first legal charges over a 13 1/2 storey stratified office block together with two lower ground levels (of a total built-up area of approximately 140,000 square feet) and 1,370 numbers of car park bays, collectively identified as The Crest located within 3 Two Square, Section 19, Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan ("the Property");

v) third party Deed of Assignment of rental proceeds from the Property;

## 21. LOANS (CONT'D)

21.1 The bank overdraft, bankers acceptance and term loans facilities are secured by way of:- (Cont'd)

vi) charge over the monies in the Debt Service Reserve Account;

vii) third party legal charges over a piece of vacant land located along Jalan PJU 8/8, Damansara Perdana, Petaling Jaya held under H.S. (D) 222402, P.T. No. 44018, Mukim of Sungai Buloh, District of Petaling, State of Selangor;

viii) an asset purchase agreement and asset sale agreement over a Subsidiary Company's assets; and

ix) corporate guarantees by the Company and its Subsidiary Company, Crest Builder Sdn Bhd.

21.2 The unsecured term loan facility agreements provides that the Company shall subscribe for the Subordinated Bonds issued by Kerisma Berhad and Prima Uno Berhad, companies specially incorporated for the purpose of implementing and carrying out primary collateralised loan obligations transactions.

Tenure for the unsecured term loans is for a period not exceeding five (5) years from the date of advance of the facilities. Such term loans are repayable on a lump sum basis on the last day of the tenure of the term loans.

The weighted average effective interest rates of loans at the balance sheet date were as follows:-

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 % | 2008 % | 2009 % | 2008 % |
| Term loans | 7.05 | 7.00 | 7.05 | – |
| Collateralised loan obligations | 7.38 | 7.15 | 7.38 | 7.15 |

The maturity structure of the loans are as follows:-

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Amount repayable:- | | | | |
| Within one year | 5,808,458 | 48,946,872 | 2,450,000 | 45,000,000 |
| After one year but within two years | 4,210,322 | 3,188,427 | 3,050,000 | – |
| After two years but within three years | 44,026,000 | – | 44,026,000 | – |
| After three years but within four years | 8,712,000 | 40,000,000 | 8,712,000 | 40,000,000 |
| After four years but within five years | 8,712,000 | – | 8,712,000 | – |
| After five years | 42,850,000 | – | 42,850,000 | – |
| | 114,318,780 | 92,135,299 | 109,800,000 | 85,000,000 |

## 22. HIRE PURCHASE PAYABLES

The amounts owing to hire purchase creditors are repayable as follows:-

| | GROUP 2009 RM | GROUP 2008 RM |
|---|---|---|
| Minimum hire purchase payments:- | | |
| - not later than one year | 2,928,222 | 2,252,087 |
| - later than one year and not later than five years | 2,537,025 | 2,030,950 |
| | 5,465,247 | 4,283,037 |
| Future finance charges | (417,474) | (318,408) |
| Present value of hire purchase payments | 5,047,773 | 3,964,629 |
| Present value of hire purchase payments:- | | |
| - not later than one year | 2,407,021 | 2,082,243 |
| - later than one year and not later than five years | 2,640,752 | 1,882,386 |
| | 5,047,773 | 3,964,629 |
| Less : Amount repayable within one year | (2,407,021) | (2,082,243) |
| Amount repayable after one year | 2,640,752 | 1,882,386 |

Hire purchase facilities incur weighted average effective interest at 2.75% (2008 : 2.71%) per annum.

The maturity structure of the hire purchase payables are as follows:-

| | GROUP 2009 RM | GROUP 2008 RM |
|---|---|---|
| Amount repayable:- | | |
| Within one year | 2,407,021 | 2,082,243 |
| After one year but within two years | 1,814,624 | 1,348,009 |
| After two years but within three years | 826,128 | 534,377 |
| | 5,047,773 | 3,964,629 |

## 23. DEFERRED TAX LIABILITIES

| | GROUP 2009 RM | GROUP 2008 RM |
|---|---|---|
| At 1 January | 532,340 | 496,574 |
| Recognised in income statement | (237,631) | 35,766 |
| At 31 December | 294,709 | 532,340 |

Deferred tax liabilities of the Group wholly arise from accelerated capital allowances.

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

| | GROUP 2009 RM | GROUP 2008 RM |
|---|---|---|
| Unutilised tax losses | 7,430 | 6,529 |

The unutilised tax losses are available indefinitely for offsetting against future taxable profits of the Subsidiary Companies in which the item arose. Deferred tax assets have not been recognised in respect of the item as it is not probable that future taxable profits will be available against which they can be utilised based on the current plan of the Subsidiary Companies.

## 24. TRADE PAYABLES

| | GROUP 2009 RM | GROUP 2008 RM |
|---|---|---|
| Trade payables | 80,869,252 | 54,951,882 |
| Retention sums | 27,940,867 | 31,678,725 |
| | 108,810,119 | 86,630,607 |

The normal trade credit terms granted to the Group range from 30 to 60 days.

## 25. OTHER PAYABLES, DEPOSITS AND ACCRUALS

| | GROUP 2009 RM | GROUP 2008 RM | COMPANY 2009 RM | COMPANY 2008 RM |
|---|---|---|---|---|
| Other payables | 6,187,371 | 4,215,300 | 1,229,795 | 1,230,675 |
| Deposits received | 2,022,421 | 1,750,026 | – | – |
| Accruals | 16,441,987 | 21,561,972 | 1,550,264 | 1,768,751 |
| | 24,651,779 | 27,527,298 | 2,780,059 | 2,999,426 |

## 26. AMOUNTS DUE TO SUBSIDIARY COMPANIES

The amounts due are unsecured, interest free and without any fixed term of repayment.

## 27. BANK OVERDRAFT

The securities for the bank overdraft facilities are as disclosed in Note 21 to the financial statements.

Bank overdraft facilities bear weighted average effective interest rate of 7.00% (2008 : 7.97%) per annum for the Group and 7.05% (2008 : 8.00%) per annum for the Company.

## 28. OTHER BANK BORROWINGS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009<br>RM | 2008<br>RM | 2009<br>RM | 2008<br>RM |
| Bankers' acceptance | 25,012,000 | 19,479,000 | – | – |
| Term loans (Note 21) | 5,808,458 | 48,946,872 | 2,450,000 | 45,000,000 |
| | 30,820,458 | 68,425,872 | 2,450,000 | 45,000,000 |

The securities for the bankers' acceptance and term loan facilities are as disclosed in Note 21 to the financial statements.

Bankers' acceptance facilities incur weighted average effective interest rate of 2.99% (2008 : 4.24%) per annum.

## 29. REVENUE AND COST OF SALES

Revenue is categorised as follows:-

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009<br>RM | 2008<br>RM | 2009<br>RM | 2008<br>RM |
| Contract revenue | 306,283,888 | 225,317,896 | – | – |
| Sales of development/ completed properties | 15,730,806 | 38,671,819 | – | – |
| Rental income from investment properties | 4,818,863 | 4,531,791 | – | – |
| Interest income | 32,166 | 132,840 | 5,928,367 | 6,052,436 |
| Dividend income | – | – | 13,000,000 | 10,000,000 |
| Car park income | 2,698,043 | 1,620,783 | – | – |
| | 329,563,766 | 270,275,129 | 18,928,367 | 16,052,436 |

## 29. REVENUE AND COST OF SALES (CONT'D)

Cost of sales are categorised as follows:-

| | GROUP 2009 RM | GROUP 2008 RM |
|---|---|---|
| Cost of construction contracts | 275,186,700 | 201,632,605 |
| Cost of development / completed properties sold | 11,210,329 | 25,531,345 |
| Cost of maintenance of investment properties | 2,288,334 | 1,927,939 |
| | 288,685,363 | 229,091,889 |

## 30. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging:-

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Allowance for diminution in value | 4,500,000 | – | 4,500,000 | – |
| Amortisation of prepaid land lease payments | 101,075 | – | – | – |
| Auditors' remuneration | | | | |
| - current year's provision | | | | |
| - statutory | 125,600 | 120,600 | 20,000 | 20,000 |
| - non-statutory | 4,000 | 3,200 | 4,000 | 3,200 |
| - underprovision in prior year | 5,000 | – | – | – |
| Depreciation | 4,053,485 | 3,922,348 | 1,447 | 1,446 |
| Direct operating expenses of investment properties | | | | |
| - revenue generating during the year | 9,202 | 66,450 | – | – |
| - non-revenue generating during the year | – | 12,033 | – | – |
| Directors' fees (Note 31) | 250,000 | 250,000 | 250,000 | 250,000 |
| Directors' other emoluments (Note 31) | 1,312,333 | 1,450,523 | – | – |
| Hire of plant and machineries | 2,042,696 | 2,072,897 | – | – |
| Lease rental | 624,441 | 666,840 | – | – |
| Rental expense | 354,200 | 1,552,593 | – | – |

and crediting:-

| | GROUP 2009 RM | GROUP 2008 RM | COMPANY 2009 RM | COMPANY 2008 RM |
|---|---|---|---|---|
| Dividend income | – | – | 13,000,000 | 10,000,000 |
| Gain on disposal of properties held for sale | 353,400 | 144,444 | – | – |
| Gain on disposal of property, plant and equipment | 509,700 | 774,000 | – | – |
| Interest income | 267,041 | 822,315 | 5,928,367 | 6,052,436 |
| Late payment interest income | – | 264,898 | – | – |
| Rental income from investment properties | 548,214 | 130,560 | – | – |

## 31. DIRECTORS' REMUNERATION

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Executive Directors | | | | |
| - Emoluments | 1,312,333 | 1,450,523 | – | – |
| - Fees | 80,000 | 80,000 | 80,000 | 80,000 |
| | 1,392,333 | 1,530,523 | 80,000 | 80,000 |
| Non-executive Directors | | | | |
| - Fees | 170,000 | 170,000 | 170,000 | 170,000 |
| Total | 1,562,333 | 1,700,523 | 250,000 | 250,000 |

The number of Directors of the Group whose total remuneration are analysed into the bands of RM50,000 is as follows:-

| | Number of Directors | |
|---|---|---|
| | 2009 | 2008 |
| Executive Directors | | |
| Less than RM50,000 | 1 | – |
| RM50,001 - RM100,000 | 1 | – |
| RM100,001 - RM150,000 | – | – |
| RM150,001 - RM200,000 | – | 1 |
| RM200,001 - RM250,000 | – | – |
| RM250,001 - RM300,000 | 2 | 2 |
| RM300,001 - RM350,000 | – | – |
| RM350,001 - RM400,000 | – | – |
| RM400,001 - RM450,000 | – | – |
| RM450,001 - RM500,000 | – | – |
| RM500,001 - RM550,000 | – | – |
| RM550,001 - RM600,000 | 1 | 1 |
| | 5 | 4 |
| Non-executive Directors | | |
| Less than RM50,000 | 4 | 4 |
| Total | 9 | 8 |

## 32. STAFF COSTS

| | GROUP 2009 RM | GROUP 2008 RM | COMPANY 2009 RM | COMPANY 2008 RM |
|---|---|---|---|---|
| EPF and SOCSO | 736,317 | 902,986 | – | – |
| ESOS expenses | 44,882 | 95,185 | 44,882 | 95,185 |
| Medical expenses | 61,854 | 26,547 | – | – |
| Messing and refreshment | 70,340 | 64,817 | – | – |
| Salaries, overtime, bonus and allowances | 4,806,262 | 6,927,031 | – | – |
| Short-term accumulating compensated absences | (32,872) | (247,256) | – | – |
| Staff training | 2,350 | 7,655 | – | – |
| Staff welfare | 28,171 | 14,687 | – | – |
| | 5,717,304 | 7,791,652 | 44,882 | 95,185 |

## 33. FINANCE COSTS

| | GROUP 2009 RM | GROUP 2008 RM | COMPANY 2009 RM | COMPANY 2008 RM |
|---|---|---|---|---|
| Bank overdraft interest | 735,646 | 547,965 | 120,541 | – |
| Bankers' acceptance interest | 819,624 | 789,642 | – | – |
| Hire purchase interest | 232,937 | 182,535 | – | – |
| Term loan interest | 6,500,223 | 6,507,544 | 6,500,158 | 6,470,178 |
| | 8,288,430 | 8,027,686 | 6,620,699 | 6,470,178 |

## 34. INCOME TAX EXPENSE

| | GROUP 2009 RM | GROUP 2008 RM | COMPANY 2009 RM | COMPANY 2008 RM |
|---|---|---|---|---|
| Income tax:- | | | | |
| Current year's provision | 6,478,107 | 5,218,916 | 2,544,675 | 1,159,197 |
| Underprovision in prior years | 337,651 | 1,009,651 | 14,089 | 1,019 |
| | 6,815,758 | 6,228,567 | 2,558,764 | 1,160,216 |
| Deferred tax:- | | | | |
| Relating to reversal of temporary differences | (105,995) | (76,378) | – | – |
| (Over) / Underprovision in prior year | (131,636) | 112,144 | – | – |
| | (237,631) | 35,766 | – | – |
| | 6,578,127 | 6,264,333 | 2,558,764 | 1,160,216 |

## 34. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before taxation 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:-

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Profit before taxation | 17,564,685 | 18,607,593 | 6,415,673 | 8,907,365 |
| Taxation at Malaysian statutory tax rate:- | | | | |
| - at 25% (2008 : 26%) | 4,391,171 | 4,657,283 | 1,603,918 | 2,315,915 |
| - up to RM500,000 at 20% | – | 212,472 | – | – |
| Effect of different in tax rate | – | (8,131) | – | – |
| Income not subject to tax | (349) | (468) | (500,000) | (1,300,000) |
| Expenses not deductible for tax purposes | 1,980,388 | 280,347 | 1,440,757 | 143,282 |
| Deferred tax assets not recognised during the year | 901 | 1,035 | – | – |
| Underprovision of taxation in prior years | 337,652 | 1,009,651 | 14,089 | 1,019 |
| (Over) / Underprovision of deferred tax in prior year | (131,636) | 112,144 | – | – |
| | 6,578,127 | 6,264,333 | 2,558,764 | 1,160,216 |
| Tax savings recognised during the year arising from:- | | | | |
| - Utilisation of current year capital allowances | 727,203 | 774,890 | – | – |
| - Utilisation of tax losses brought forward from previous years | – | 6,521 | – | – |

Subject to the agreement by the Inland Revenue Board, the unutilised tax losses available for utilisation against future taxable profits are approximated to be as follows:-

| | GROUP | |
|---|---|---|
| | 2009 RM | 2008 RM |
| Unutilised tax losses | 29,700 | 26,100 |

## 35. EARNINGS PER SHARE

### 35.1 Basic earnings per share

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

| | GROUP | |
|---|---|---|
| | **2009** | **2008** |
| Profit attributable to ordinary equity holders of the Company (RM) | 10,986,558 | 12,343,260 |
| Weighted average number of ordinary shares in issue | 124,089,450 | 124,070,278 |
| Basic earnings per share (sen) | 8-85 | 9-95 |

### 35.2 Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from exercise of ESOS and conversion of warrants. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the full conversion of the outstanding ESOS and warrants into ordinary shares. The ESOS and warrants are deemed to have been converted into ordinary shares at the date of issue of the ESOS and warrants. No adjustment is made to the net profit for the calculation.

| | GROUP | |
|---|---|---|
| | **2009** | **2008** |
| Profit attributable to ordinary equity holders of the Company (RM) | 10,986,558 | 12,343,260 |
| Weighted average number of ordinary shares in issue | 124,089,450 | 124,070,278 |
| Adjustment for ESOS | * | * |
| Adjustment for assumed conversion of warrants | * | * |
| Adjusted weighted average number of ordinary shares in issue and issuable | 124,089,450 | 124,070,278 |
| Diluted earnings per share (sen) | N/A | N/A |

* Not taken into account in the computation of diluted earnings per share as the effect arising from assumed conversion of ESOS and warrants is anti-dilutive

## 36. DIVIDENDS

| | GROUP AND COMPANY | |
|---|---|---|
| | 2009 RM | 2008 RM |
| First and final dividend of 7 sen less income tax at 26% in respect of financial year ended 31 December 2007 | – | 6,427,834 |
| First and final dividend of 3 sen less income tax at 25% in respect of financial year ended 31 December 2008 | 2,792,013 | – |
| | 2,792,013 | 6,427,834 |

At the forthcoming Annual General Meeting, a first and final dividend of 4 sen gross per ordinary share less income tax at 25% on 124,089,450 ordinary shares of RM1-00 each amounting to RM3,722,684 (3 sen net per ordinary share) in respect of the current financial year ended 31 December 2009 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

## 37. OPERATING LEASE ARRANGEMENTS

### a) The Group as lessee

The Group has entered into several tenancy agreements for the rental of premises, resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

The Group also leases various premises under cancellable operating lease agreements. The Group is required to give a one-month notice for the termination of those agreements.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:-

| | GROUP | |
|---|---|---|
| | 2009 RM | 2008 RM |
| Future minimum rental payments:- | | |
| Not later than one year | 377,857 | 1,059,823 |
| Later than one year and not later than five years | – | 393,652 |
| | 377,857 | 1,453,475 |

### b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties portfolio. These leases have remaining non-cancellable lease terms of between 1 and 3 years.

## 37. OPERATING LEASE ARRANGEMENTS (CONT'D)

### b) The Group as lessor (Cont'd)

The future minimum lease payments receivable under non-cancellable operating lease contracted for as at the balance sheet date but not recognised as receivables are as follows:-

| | GROUP | |
|---|---|---|
| | 2009 RM | 2008 RM |
| Not later than one year | 4,534,716 | 4,665,363 |
| Later than one year and not later than five years | 390,414 | 4,858,583 |
| | 4,925,130 | 9,523,946 |

Investment properties rental income recognised in income statement during the financial year is disclosed in Note 29 to the financial statements.

## 38. CAPITAL COMMITMENT

| | GROUP | |
|---|---|---|
| | 2009 RM | 2008 RM |
| Capital expenditure | | |
| Approved and contracted for:- | | |
| - Building-in-progress | 1,011,751 | 1,245,232 |
| - Purchase of property, plant and equipment | 1,934,596 | – |
| | 2,946,347 | 1,245,232 |

## 39. CONTINGENT LIABILITIES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Guarantees given to financial institution in respect of facilities granted to Subsidiary Companies | – | – | 191,700,000 | 355,869,000 |
| Guarantees issued in favour of third parties | 85,846,117 | 78,351,484 | – | – |

## 40. RELATED PARTY DISCLOSURES

40.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

40.2 In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:-

| Related parties | Relationship |
|---|---|
| Farima Sdn Bhd | Company connected to a Director of the Company |
| Grandland Corporation Sdn Bhd | Company connected to certain Directors of the Company |
| Lee Sooi Teng | Director of the Company |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| a) Contract revenue received / receivable from:- | | | | |
| - Farima Sdn Bhd | 24,287,162 | 8,839,742 | – | – |
| b) Rental income received / receivable from:- | | | | |
| - Farima Sdn Bhd | 36,000 | 36,000 | – | – |
| c) Gross dividends received / receivable from:- | | | | |
| - Subsidiary Companies | – | – | 13,000,000 | 10,000,000 |
| d) Interest income received / receivable from:- | | | | |
| - Subsidiary Companies | – | – | 5,896,200 | 6,052,436 |
| e) Rental paid to:- | | | | |
| - Grandland Corporation Sdn Bhd | 84,400 | 160,000 | – | – |
| f) Sale of property to:- | | | | |
| - Lee Sooi Teng | – | 315,000 | – | – |

## 40. RELATED PARTY DISCLOSURES (CONT'D)

The outstanding year end balances for related party transactions with the related party in which a Director of the Company has significant financial interest are as follows:-

| | GROUP | |
|---|---|---|
| | 2009 RM | 2008 RM |
| Progress billings receivable | 7,817,286 | 9,888,347 |
| Retention sums | 10,443,550 | 8,880,521 |
| | 18,260,836 | 18,768,868 |

The Directors are of the opinion that the transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

40.3 Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year is as follows:-

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Short-term employee benefits | 1,500,637 | 1,617,023 | 80,000 | 80,000 |

Included in the total compensation of key management personnel are:-

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Directors' remuneration (Note 31) | 1,392,333 | 1,530,523 | 80,000 | 80,000 |

Executive Directors of the Group and the Company and other members of key management have been granted the following number of options under ESOS:-

| | GROUP AND COMPANY | |
|---|---|---|
| | 2009 RM | 2008 RM |
| At 1 January | 2,275,000 | 2,275,000 |
| Granted | 450,000 | – |
| At 31 December | 2,725,000 | 2,275,000 |

## 41. SIGNIFICANT EVENTS

41.1 On 21 January 2009, the Company's wholly-owned Subsidiary Company, Crest Builder Sdn Bhd entered into a Memorandum of Understanding with Detik Utuh Sdn Bhd to form a Special Purpose Vehicle known as Unitapah Sdn Bhd to co-operate with each other in submitting a joint proposal for the concession project titled "CADANGAN PROJECT PEMBINAAN KAMPUS BARU UNIVERSITI TEKNOLOGI MARA (UiTM) TAPAH, PERAK DARUL RIDZUAN SECARA REKA BINA DAN PRIVATE FINANCE INITIATIVE" to the Economic Planning Unit of the Prime Minister's Department, Ministry of Higher Education and UiTM. The Subsidiary Company's equity participation in Unitapah shall be 51%.

41.2 On 19 February 2009, the Company's wholly-owned Subsidiary Company, Crest Builder Sdn Bhd entered into a conditional sales and purchase agreement with Saujana Triangle Sdn Bhd, a wholly-owned subsidiary of MK Land Holdings Berhad, for the proposed acquisition of a piece of vacant land located in Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor measuring approximately 275,777 square feet (6.33 acres) with a usable land area of approximately 185,567 square feet (4.26 acres) for a purchase consideration of RM37,113,120 to be satisfied by setting off the same amount against the total contract sum payable by Saujana Triangle Sdn Bhd to the Subsidiary Company in the ordinary course of business.

## 42. SIGNIFICANT SUBSEQUENT EVENT

On 17 March 2010, the Company acquired 100% equity interest in Damansara One Sdn Bhd for a total cash consideration of RM2.

## 43. FINANCIAL INSTRUMENTS

### 43.1 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, credit, liquidity and price risks. The Group operates within clearly defined guidelines that are approved by the Board.

i) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing financial instruments. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits and money market funds which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent 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.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes. As at 31 December 2009, the Group has not entered into any hedging instruments arrangements to minimise its exposure to interest rate volatility.

ii) Credit risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's association to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

## 43. FINANCIAL INSTRUMENTS (CONT'D)

### 43.1 Financial risk management objectives and policies (Cont'd)

iii) Liquidity risk

The Group manages its debt maturity portfolio, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

iv) Price fluctuation risk

The Group has policies in place to manage its exposure to fluctuation in the prices of the key raw materials used in the operations through close monitoring and buying ahead in anticipating of significant price increase, where possible.

### 43.2 Fair values

It is not practical to estimate the fair values of the Group's and the Company's non-current unquoted investments because of the lack of quoted market prices and the inability to estimate the fair values without incurring excessive costs.

It is also not practical to estimate the fair values of the amounts due from / to Subsidiary Companies, principally due to a lack of fixed repayment term entered into by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:-

i) Cash and cash equivalents, receivables, payables and short-term borrowings

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

ii) Hire purchase payables

The carrying values of hire purchase payables approximate their fair values.

iii) Borrowings

The fair values of borrowings are estimated using discounted cash flow analysis based on the current interest rates for similar types of borrowing arrangements.

The carrying values of long term borrowings approximate their fair values.

## 44. SEGMENTAL REPORTING

44.1 Business segments:-

The Group is organised into three major business segments:-

i) Construction - general construction, mechanical and electrical engineering services;

ii) Investment holding - investment in shares, properties and other investment related activities; and

iii) Property development - development of residential and commercial properties

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. Inter-segment pricing is determined based on the terms mutually agreed between the companies concerned.

44.2 Geographical segments

No information is prepared on the geographical segment as the Group principally operates within Malaysia.

| 31 December 2009 | Construction RM | Investment holding RM | Property development RM | Eliminations RM | Consolidated RM |
|---|---|---|---|---|---|
| Revenue | | | | | |
| External sales | 306,283,888 | 7,549,072 | 15,730,806 | – | 329,563,766 |
| Inter-segment sales | 7,948,571 | 18,896,200 | – | (26,844,771) | – |
| Total revenue | 314,232,459 | 26,445,272 | 15,730,806 | (26,844,771) | 329,563,766 |
| Results | | | | | |
| Segment results | 22,627,041 | (1,119,714) | 3,685,095 | – | 25,192,422 |
| Unallocated corporate expenses | | | | | 660,693 |
| | | | | | 25,853,115 |
| Finance costs | | | | | (8,288,430) |
| Income tax expense | | | | | (6,578,127) |
| Profit after taxation | | | | | 10,986,558 |

## 44. SEGMENTAL REPORTING (CONT'D)

| 31 December 2009 | Investment Construction RM | Property holding RM | development RM | Eliminations RM | Consolidated RM |
|---|---|---|---|---|---|
| Assets | | | | | |
| Segment assets | 319,342,860 | 56,691,512 | 154,483,401 | – | 530,517,773 |
| Unallocated corporate assets | | | | | 4,523,832 |
| Consolidated total assets | | | | | 535,041,605 |
| Liabilities | | | | | |
| Segment liabilities | 109,860,010 | 2,796,086 | 36,158,030 | – | 148,814,126 |
| Unallocated corporate liabilities | | | | | 155,446,436 |
| Consolidated total liabilities | | | | | 304,260,562 |
| Other information | | | | | |
| Capital expenditure | 42,954,389 | – | 13,972,767 | – | 56,927,156 |
| Depreciation | 3,862,404 | 1,447 | 189,634 | – | 4,053,485 |
| Non-cash expenses other than depreciation | – | 4,544,882 | – | – | 4,544,882 |

| 31 December 2008 | Investment Construction RM | Property holding RM | development RM | Eliminations RM | Consolidated RM |
|---|---|---|---|---|---|
| Revenue | | | | | |
| External sales | 225,317,896 | 229,440 | 44,727,793 | – | 270,275,129 |
| Inter-segment sales | 14,134,762 | 15,919,596 | – | (30,054,358) | – |
| Total revenue | 239,452,658 | 16,149,036 | 44,727,793 | (30,054,358) | 270,275,129 |
| Results | | | | | |
| Segment results | 13,030,944 | (700,201) | 14,068,035 | – | 26,398,778 |
| Unallocated corporate expenses | | | | | 236,501 |
| | | | | | 26,635,279 |
| Finance costs | | | | | (8,027,686) |
| Income tax expense | | | | | (6,264,333) |
| Profit after taxation | | | | | 12,343,260 |

## 44. SEGMENTAL REPORTING (CONT'D)

| 31 December 2008 | Investment Construction RM | Property holding RM | development RM | Eliminations RM | Consolidated RM |
|---|---|---|---|---|---|
| Assets | | | | | |
| Segment assets | 273,700,575 | 44,664,614 | 154,805,290 | – | 473,170,479 |
| Unallocated corporate assets | | | | | 3,962,152 |
| Consolidated total assets | | | | | 477,132,631 |
| Liabilities | | | | | |
| Segment liabilities | 92,643,515 | 3,019,410 | 34,828,322 | – | 130,491,247 |
| Unallocated corporate liabilities | | | | | 124,099,768 |
| Consolidated total liabilities | | | | | 254,591,015 |
| Other information | | | | | |
| Capital expenditure | 4,166,513 | – | 8,542,917 | – | 12,709,430 |
| Depreciation | 3,738,297 | 1,446 | 182,605 | – | 3,922,348 |
| Non-cash expenses other than depreciation | – | 95,185 | – | – | 95,185 |
| Non-cash income | 1,165,700 | – | 2,200 | – | 1,167,900 |

## 45. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation to reflect a fairer presentation:-

**Group**

| | As previously reported RM | Reclassification RM | As restated RM |
|---|---|---|---|
| Balance Sheet | | | |
| Property, plant and equipment | 14,543,200 | 311,308 | 14,854,508 |
| Investment properties | 87,698,313 | (3,847,309) | 83,851,004 |
| Inventories | 1,897,679 | 3,536,001 | 5,433,680 |

## 46. CBHB - ESOS

Other than the Directors whose interests are disclosed separately in the Directors' report, the eligible employees of the Group whose share options entitlements are equal to or more than 40,000 share options in the Company pursuant to the ESOS are as follows:-

| | Number of options over ordinary shares of RM1-00 each | | | | |
|---|---|---|---|---|---|
| | At 1/1/2009 | Granted | Exercised | Lapsed | At 31/12/2009 |
| Chin Poh Ming | – | 75,000 | – | – | 75,000 |
| Chuah Tian Pong | – | 75,000 | – | – | 75,000 |
| Gan Lai Hoon | 40,000 | 10,000 | – | – | 50,000 |
| Goh Sin Huat | 75,000 | – | – | – | 75,000 |
| Ho Wan Chan | 100,000 | – | – | – | 100,000 |
| Keh Pei Tian | 40,000 | – | – | – | 40,000 |
| Khoo Kheng Kiat | 150,000 | – | – | – | 150,000 |
| Koh Wai Kong | 75,000 | – | – | – | 75,000 |
| Kshithi Devan A/L C K Nair | 75,000 | – | – | – | 75,000 |
| Lai Fei Hong | – | 40,000 | – | – | 40,000 |
| Lee June Vee | 24,000 | 20,000 | – | – | 44,000 |
| Lee Kit Seng | 40,000 | 10,000 | – | – | 50,000 |
| Lee Kok Ming | 100,000 | – | – | – | 100,000 |
| Lim Ah Ber | 21,000 | 20,000 | – | – | 41,000 |
| Lim Shee Hau | 75,000 | – | – | – | 75,000 |
| Lim Swee Peng | 50,000 | – | – | – | 50,000 |
| Lye Tuck Yew | 40,000 | – | – | – | 40,000 |
| Ng Sze Lee | – | 40,000 | – | – | 40,000 |
| Ngi Kuang Huei | 50,000 | – | – | – | 50,000 |
| Ong Hean Hoon | 100,000 | – | – | – | 100,000 |
| San Siew Hong | 75,000 | – | – | – | 75,000 |
| Siau Mui | 75,000 | – | – | – | 75,000 |
| So Kooi Mui | 30,000 | 10,000 | – | – | 40,000 |
| Tan Kim Yong | 50,000 | – | – | – | 50,000 |
| Tan Tek Long | 75,000 | – | – | – | 75,000 |
| Tan Yew Lee | 40,000 | – | – | – | 40,000 |
| Teh Hock Hua | 90,000 | 100,000 | – | – | 190,000 |
| Teoh Guan Sim | 100,000 | – | – | – | 100,000 |
| Teo Jed Wei | 50,000 | – | – | – | 50,000 |
| Wang Luan Boo | 100,000 | – | – | – | 100,000 |
| Wan Heng Lin | – | 75,000 | – | – | 75,000 |
| Wong Lai Mui | 30,000 | 10,000 | – | – | 40,000 |
| Yeo Joon Hui | 75,000 | – | – | – | 75,000 |
| Yong Swan Jong | 65,000 | – | – | 65,000 | – |
| Yong Tiok Chin | 75,000 | – | – | – | 75,000 |
| Za'Azlin Bin Abdul Maulud | 75,000 | – | – | – | 75,000 |

# List Of Properties

| Location | Tenure | Approx. Area/ Built-up | Description | Year of Expiry | Net Book Value @ 31.12.09 (RM) | Approx. age of building (years) | Date of Valuation/ Acquisition |
|---|---|---|---|---|---|---|---|
| EMR 8258 Lot No. 5440, Mukim Kapar, Daerah Klang, Negeri Selangor | Freehold | 5.3 acres | Agricultural land/company depot (store) | – | 457,697 | – | 2002 |
| No. 28 & 30, Jalan SS 24/13, Taman Megah, 47301 Petaling Jaya, Selangor Daul Ehsan | Freehold | 12,939 sq ft | 2 units of 3-storey shop office/office | – | 3,568,260 | 13 | 2002 |
| Units G-17, G-18 and G-19, Vega Square, Bentong, held under CT No. 2719, P.T. No. 2770, Mukim and Daerah Bentong, Negeri Pahang Darul Makmur | Freehold | 1,551 sq ft | 3 units of retail outlets | – | 390,000 | 12 | 2007 |
| Units W2-1, W5-1 and W14-1, Storey No. 2, West Tower,Country Towers Condominium, held under Geran 76438 Lot 77636 (old title H.S. (D) 208455 PTD 110146), Mukim Plentong, Daerah Johor Bahru, Negeri Johor | Freehold | 5,868 sq ft | 3 units of condominium | – | 705,000 | 9 | 2007 |
| P.N 19970 (Old title H.S. (D) 44166) P.T. No. 16311, Mukim Setapak, Daerah Wilayah Persekutuan, Negeri Wilayah Persekutuan | Leasehold | 4,200 sq ft | 3-storey shop office/office | 2075 | 500,000 | 23 | 2007 |
| Q.T. (R) 2006, L.O. No. PJ 63/59, Town of Petaling Jaya, District of Kuala Lumpur, State of Selangor | Leasehold | 5,520 sq ft | Bungalow | 2058 | 920,000 | 9 | 2007 |

# List Of Properties
*(Cont'd)*

| Location | Tenure | Approx. Area/ Built-up | Description | Year of Expiry | Net Book Value @ 31.12.09 (RM) | Approx. age of building (years) | Date of Valuation/ Acquisition |
|---|---|---|---|---|---|---|---|
| H.S. (D) 46981, Lot No. 11073, Mukim Sg. Buloh, Daerah Petaling, Negeri Selangor. | Freehold | 9,612 sq ft | 3 storey shop office/office | – | 1,900,000 | 9 | 2007 |
| The Crest, 3 Two Square, No. 2, Jalan 19/1, Petaling Jaya, 46300, Selangor Darul Ehsan | Leasehold | 150,522 sq ft | 16 storey office block & parking bays | 2105 | 89,780,000 | 3 | 2007 |
| GM 1059 Lot No. 1863 Mukim Batu, Daerah Kuala Lumpur | Freehold | 2.93 acres | Cultivation Land | – | 6,200,000 | – | 2004 |
| No. Hakmilik 0244869, Lot No. 0034701, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan | Freehold | 7.14 acres | Residential Land | – | 7,547,625 | – | 2005 |
| No. Hakmilik 0244870, Lot No. 0034702, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan | Freehold | 2.71 acres | Residential Land | – | 4,046,897 | – | 2005 |
| No. Hakmilik 0244871, Lot No. 0034703, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan | Freehold | 3.82 acres | Commercial Land | – | 2,871,611 | – | 2005 |
| No. Hakmilik 0244872, Lot No. 0034704, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan | Freehold | 2.02 acres | Commercial Land | – | 2,138,113 | – | 2005 |
| H.S (D) 222402, PT44018, Mukim Sg. Buloh, Daerah Petaling, Selangor Darul Ehsan | Leasehold | 6.33 acres | Commercial Land | 2104 | 38,206,376 | – | 2009 |
| No. Hakmilik 0243082, Lot No. 0000232, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan | Freehold | 1.83 acres | Commercial Land | – | 7,409,705 | – | 2006 |

# Analysis Of Shareholdings

*AS AT 17 MAY 2010*

| | | |
|---|---|---|
| Authorised Share Capital | : | RM500,000,000.00 divided into 500,000,000 ordinary shares of RM1.00 each |
| Issued and Paid-up Capital | : | RM124,089,450.00 |
| Class of Shares | : | Ordinary Shares of RM1.00 each |
| Voting rights | : | One vote per ordinary share |

## ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 17 MAY 2010

| Size of Holdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| Less than 100 | 2,384 | 30.92 | 117,799 | 0.09 |
| 100 to 1,000 | 2,823 | 36.61 | 1,109,259 | 0.89 |
| 1,001 to 10,000 | 1,787 | 23.17 | 8,195,310 | 6.60 |
| 10,001 to 100,000 | 622 | 8.07 | 19,005,078 | 15.32 |
| 100,001 to less than 5% of issued shares | 93 | 1.21 | 44,805,696 | 36.11 |
| 5% and above of issued shares | 2 | 0.03 | 50,856,308 | 40.98 |
| Total | 7,711 | 100.00 | 124,089,450 | 100.00 |

## SUBSTANTIAL SHAREHOLDERS AS AT 17 MAY 2010

(In accordance with the Register maintained pursuant to Section 69L of the Companies Act, 1965)

| Name | Direct Interest No. of Shares | % | Indirect Interest No. of Shares | % |
|---|---|---|---|---|
| Yong Soon Chow | 43,198,000 | 34.81% | 11,980,808 | 9.65% |
| Yong Tiok Chin | 7,665,308 | 6.18% | – | – |
| Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah | – | – | 6,807,939 | 5.49% |

## THIRTY LARGEST SHAREHOLDERS AS AT 17 MAY 2010

(without aggregating securities from different securities accounts belonging to the same person)

| No. | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 1 | Yong Soon Chow | 43,198,000 | 34.81 |
| 2 | Yong Tiok Chin | 7,658,308 | 6.17 |
| 3 | JF Apex Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Pertiwi Positif Sdn Bhd | 5,000,000 | 4.03 |
| 4 | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>PHEIM Asset Management Sdn Bhd for Employees Provident Fund | 4,741,100 | 3.82 |
| 5 | Koh Hua Lan | 3,945,500 | 3.18 |
| 6 | Cimsec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Takrif Jaya Sdn Bhd | 3,450,600 | 2.78 |
| 7 | Capai Hasil Sdn Bhd | 2,439,036 | 1.97 |
| 8 | Pertiwi Positif Sdn Bhd | 1,807,939 | 1.46 |
| 9 | Lembaga Tabung Haji | 1,451,800 | 1.17 |

**THIRTY LARGEST SHAREHOLDERS AS AT 17 MAY 2010**
(without aggregating securities from different securities accounts belonging to the same person)

| No. | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 10 | Lim Khuan Eng | 1,135,900 | 0.92 |
| 11 | Malaysia Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad | 900,400 | 0.73 |
| 12 | Koh Kin Lip | 900,000 | 0.73 |
| 13 | Kong Tiam | 818,000 | 0.66 |
| 14 | Amsec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Teng Swee Lan & Fong Swee Lan | 569,000 | 0.46 |
| 15 | Ng Ming Kai | 543,000 | 0.44 |
| 16 | Cimsec Nominees (Tempatan) Sdn Bhd<br>CIMB Bank For Mak Ngia Ngia & Mak Yoke Lum | 542,300 | 0.44 |
| 17 | SJ Sec Nominees (Asing) Sdn Bhd<br>Pledged Securities Account For Lim Beng Tiong | 519,000 | 0.42 |
| 18 | Lai Wooi Giap | 460,000 | 0.37 |
| 19 | Yap Hock Lee | 426,600 | 0.34 |
| 20 | Liew Siew Chin | 421,400 | 0.34 |
| 21 | Malaysian Assurance Alliance Berhad<br>AS Beneficial Owner (Growth Fund) | 417,500 | 0.34 |
| 22 | Chai Yoon Fook | 406,000 | 0.33 |
| 23 | Ngang Ching Tang | 378,000 | 0.30 |
| 24 | AIBB Nominees (Asing) Sdn Bhd<br>Pledged Securities Account For Lim Beng Tiong | 370,000 | 0.30 |
| 25 | Yong Shang Ming | 370,000 | 0.30 |
| 26 | OSK Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Khoo Teng Yeow | 350,000 | 0.28 |
| 27 | Ong Saw Peng | 330,100 | 0.27 |
| 28 | Lau Mun Cheong | 316,700 | 0.26 |
| 29 | Pang Yue Mun | 315,000 | 0.25 |
| 30 | Lee Ah Loy | 311,700 | 0.25 |
| | | 84,492,883 | 68.09 |

# Analysis Of Shareholdings
*AS AT 17 MAY 2010 (Cont'd)*

## ANALYSIS BY SIZE OF WARRANTHOLDINGS (WARRANTS 2003/2013) AS AT 17 MAY 2010

| Size of Holdings | No. of Warrant Holders | % | No. of Warrants | % |
|---|---|---|---|---|
| Less than 100 | 69 | 9.39 | 2,699 | 0.01 |
| 100 to 1,000 | 258 | 35.10 | 208,385 | 0.87 |
| 1,001 to 10,000 | 248 | 33.74 | 1,411,250 | 5.88 |
| 10,001 to 100,000 | 136 | 18.50 | 4,525,200 | 18.86 |
| 100,001 to less than 5% of issued warrants | 21 | 2.86 | 5,451,600 | 22.72 |
| 5% and above of issued warrants | 3 | 0.41 | 12,399,916 | 51.67 |
| Total | 735 | 100.00 | 23,999,050 | 100.00 |

## THIRTY LARGEST WARRANTHOLDERS AS AT 17 MAY 2010
(without aggregating securities from different securities accounts belonging to the same person)

| No. | Name of Shareholders | No. of Warrants | % |
|---|---|---|---|
| 1 | Yong Soon Chow | 7,999,916 | 33.33 |
| 2 | Pertiwi Positif Sdn Bhd | 3,000,000 | 12.50 |
| 3 | Koh Hua Lan | 1,400,000 | 5.83 |
| 4 | Ng Ming Kai | 1,030,000 | 4.29 |
| 5 | Takrif Jaya Sdn Bhd | 890,000 | 3.71 |
| 6 | Koh Chin Liang | 380,200 | 1.58 |
| 7 | Mak Ngia Ngia @ Mak Yoke Lum | 376,000 | 1.57 |
| 8 | Mak Ngia Ngia @ Mak Yoke Lum | 346,400 | 1.44 |
| 9 | Toh Eng Yee | 300,000 | 1.25 |
| 10 | Kee Hooi Seng | 249,900 | 1.04 |
| 11 | Lim Fok Chou | 204,600 | 0.85 |
| 12 | Capai Hasil Sdn Bhd | 189,900 | 0.79 |
| 13 | Chong Nyen Thien | 149,000 | 0.62 |
| 14 | Tong See Wong | 145,000 | 0.60 |
| 15 | AmSec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Kwong Keng Wai | 140,000 | 0.58 |
| 16 | Yap Kow @ Yap Sang Kooi | 135,000 | 0.56 |
| 17 | Mayban Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Seow Yoke Hock | 130,000 | 0.54 |
| 18 | Liew Siew Chin | 123,000 | 0.51 |

**THIRTY LARGEST WARRANTHOLDERS AS AT 17 MAY 2010**
(without aggregating securities from different securities accounts belonging to the same person)

| No. | Name of Shareholders | No. of Warrants | % |
|---|---|---|---|
| 19 | Cheok Ken Chai | 118,000 | 0.49 |
| 20 | Chai Ming Tau | 118,000 | 0.49 |
| 21 | Chew Chin Swee | 116,900 | 0.49 |
| 22 | Mun Mee Fong | 108,000 | 0.45 |
| 23 | Mayban Nominees (Asing) Sdn Bhd<br>Pledged Securities Account For Liew Moi Wah | 101,200 | 0.42 |
| 24 | Cimsec Nominess (Tempatan) Sdn Bhd<br>Pledged Securities Account For Looi Wai Chong | 100,500 | 0.42 |
| 25 | Yu Chok Tow | 100,000 | 0.42 |
| 26 | Hoe Geok Huah @ Ho Swee Neo | 100,000 | 0.42 |
| 27 | Ng Kok Loong | 100,000 | 0.42 |
| 28 | Kang Kin Ngai | 100,000 | 0.42 |
| 29 | Sim Choon Seng | 100,000 | 0.42 |
| 30 | JF Apex Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Wong Siew Ming | 100,000 | 0.42 |
| | | 18,451,516 | 76.88 |

# Analysis Of Shareholdings

*AS AT 17 MAY 2010 (Cont'd)*

## STATEMENT OF DIRECTORS' INTERESTS IN SHARES AND WARRANTS IN THE COMPANY

AS AT 17 MAY 2010

### DIRECTORS' SHAREHOLDINGS

(In accordance with the Register maintained pursuant to Section 134 of the Companies Act, 1965)

| | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| Name | No. of Shares | % | No. of Shares | % |
| Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah | – | – | 6,807,939 | 5.49% |
| Yong Soon Chow | 43,198,000 | 34.81% | 11,980,808 | 9.65% |
| Koh Hua Lan | 3,945,500 | 3.18% | – | |
| Lee Sooi Teng | 282,000 | 0.23% | 12,000 | 0.01% |
| Yong Shang Ming | 370,000 | 0.30% | – | – |
| Keong Choon Keat | 20,000 | 0.02% | 30,000 | 0.02% |
| Mohd Khasan bin Ahmad | – | – | – | – |
| Kam Yong Kan | 30,000 | 0.02% | – | – |
| Yong Tiok Keng | – | – | – | – |

### DIRECTORS' WARRANTHOLDINGS

(In accordance with the Register maintained pursuant to Section 134 of the Companies Act, 1965)

| | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| Name | No. of Warrants | % | No. of Warrants | % |
| Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah | – | – | 3,000,000 | 12.50% |
| Yong Soon Chow | 7,999,916 | 33.33% | 1,400,000 | 5.83% |
| Koh Hua Lan | 1,400,000 | 5.83% | – | – |
| Yong Shang Ming | – | – | – | – |
| Keong Choon Keat | – | – | – | – |
| Mohd Khasan bin Ahmad | – | – | – | – |
| Kam Yong Kan | – | – | – | – |
| Yong Tiok Keng | – | – | – | – |

**CREST BUILDER HOLDINGS BERHAD**
(573382-P)

# PROXY FORM

| No. of Ordinary Shares Held | |
|---|---|

I/We ..........................................................................................................

NRIC No. .......................................................... /Passport No. ..........................................

of ..........................................................................................................

being a member/members of the abovenamed Company hereby appoint

.......................................................... [holding shares] ..........................................

of ..........................................................................................................

NRIC No. .......................................................... /Passport No. ..........................................

And/or failing him/her

.......................................................... [holding shares] ..........................................

of ..........................................................................................................

NRIC No. .......................................................... /Passport No. ..........................................

as *my/our proxy to vote for *me/us and on *my/our behalf at the 8th Annual General Meeting of the Company, to be held at Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on wednesday, 23 June, 2010 at 3:00 p.m. or at any adjournment thereof.

| | Ordinary business | For | Against |
|---|---|---|---|
| 1. | To lay the reports of the directors, auditors and the financial statements for the year ended 31 December 2009. | | |
| 2. | To declare a final dividend of 4% less 25% tax for the financial year ended 31 December 2009. | | |
| 3. | To re-elect the Executive Director, Lee Sooi Ting. | | |
| 4. | To re-elect the Senior Independent Non-Executive Director, Keong Choon Keat | | |
| 5. | To re-elect the Independent Non-Executive Director, Mohd Khasan Bin Ahmad | | |
| 6. | To appoint Messrs GEP Associates (AF1030), Chartered Accountants, as auditors for the ensuing financial year ending 31 December 2010 and authorise the fixing of their remuneration by directors. | | |
| | **Special business** | **For** | **Against** |
| 7. | To approve payment of directors' remunerations for the year ended 31 December 2009 in accordance with Article 88 of the Company's Articles of Association. | | |
| 8. | To empower the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965 and in compliance with the Listing Requirements of Bursa Securities | | |
| 9. | To approve the recurrent related party transactions of a revenue or trading nature and which are necessary for the day-to-day operations up to the next annual general meeting | | |
| 10. | To approve the mandate for share buy-back | | |
| 11. | To approve the amendments to the Company's Articlesof Association to implement eDividend | | |

Please indicate with a cross [x] in the box provided, how you wish to cast your votes. If no specific instruction as to voting is given, the proxy may vote or abstain at his discretion.

..........................................................
Signature of member

Dated:

***Notes:-***

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
2. *Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of a officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at No. 14-2, Jalan 4A/27A, Section 2, Wangsa Maju, 53300 Kuala Lumpur not less than 48 hours before the time set for holding for the meeting or any adjournment thereof.*

Common seal affixed in the presence of

*Director* ..........................................................

*Director/Secretary* ..........................................................

Fold this flap for sealing

Then fold here

AFFIX
STAMP

*THE COMPANY SECRETARY*
***CREST BUILDER HOLDINGS BERHAD (573382-P)***
*NO. 14-2, JALAN 4A/27A,*
*SECTION 2, WANGSA MAJU,*
*53300 KUALA LUMPUR.*

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