CREST BUILDER HOLDINGS BERHAD
(573382-P)




CREST BUILDER HOLDINGS BERHAD (573382-P) ANNUAL REPORT 2007

CREST BUILDER HOLDINGS BERHAD (573382-P)
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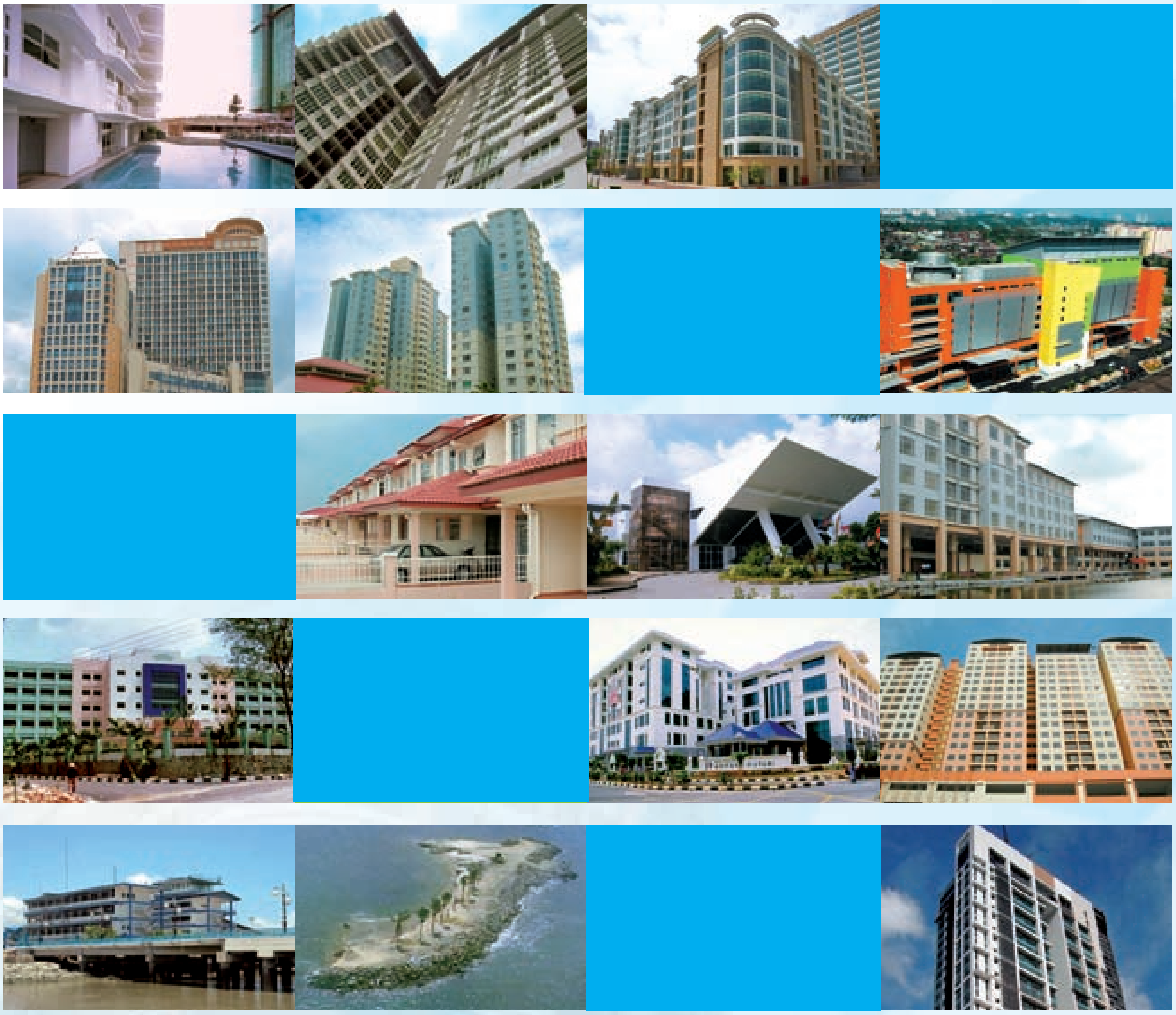
ANNUAL REPORT **2007**

C O N T E N T S



Corporate Profile

CREST BUILDER HOLDINGS BERHAD
(573382-P)

CBHB was incorporated in Malaysia under Companies Act, 1965 on 9 March 2002 as a public limited company. CBHB is principally an investment holding company and successfully undertaken a Corporate and Debt Restructuring Scheme which involved the listing status of MGR Corporation Berhad, (Special Administrators appointed) being transferred to CBHB upon completion of the restructuring exercise. CBHB was listed on the Main Board of Bursa Malaysia on 12 June 2003.

CBHB Group was established in 1985 and under the leadership of its founder Mr. Yong Soon Chow has since carved a name in the construction industry. With industry experience spanning two decades, the CBHB Group is a well-established player in the construction industry. It has a proven track record in infrastructure development, especially in the construction of roads and bridges, hospitals, schools and universities as well as commercial and residential buildings.

Since listing, CBHB has undergone extensive expansion programme and the subsidiaries in the Group's stable of companies include Crest Builder Sdn Bhd, 3 Two Square Sdn Bhd, Crest Builder International Sdn Bhd, CB Land Sdn Bhd, Crestland Development Sdn Bhd, CBTech (M) Sdn Bhd, Nepfield Sdn Bhd, Crestland Project Management Sdn Bhd and Vertical Success Sdn Bhd.

Today, CBHB has diversified from its core construction business into other businesses. Construction aside, CBHB also offers design-and-build (D&B) services to its clients where it advises on buildings, technicalities as well as design. The Group's mechanical and electrical division offers a series of wide range of mechanical and services. The Group has also diversified into property development, of which our maiden development projects is at the heart of Petaling Jaya. 3 Two Square, as it is known as, is a commercial development comprising retail shops and office, as well as a corporate office tower.

Notice of 6th Annual General Meeting

NOTICE is hereby given that the 6th annual general meeting will be held

Venue	Sime Darby Convention Centre 1A, Jalan Bukit Kiara 1 60000 Kuala Lumpur
Day, date and time	Tuesday, 17 June 2008 at 9:30 a.m.

AGENDA

Ordinary business

1. Laying of audited accounts

To receive and adopt 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 2007, in compliance with Section 169(1) and Section 174(1) of the Companies Act, 1965 ("Act") respectively. **Resolution 1**

2. Declaration of dividend

THAT the payment of a first and final dividend of 7% or 7 sen less 26% income tax per ordinary share in respect of the financial year ended 31.12.2007 be hereby approved. **Resolution 2**

3. Election of director

THAT re-election of the Managing Director, Yong Soon Chow, who retires in accordance with Article 79 of the Company's Articles of Association, be hereby approved **Resolution 3**

4. Election of director

THAT re-election of the Senior Independent Non-Executive Director, Keong Choon Keat who retires in accordance with Article 79 of the Company's Articles of Association, be hereby approved **Resolution 4**

5. Election of director

THAT re-election of the Independent Non-Executive Director, Mohd Khasan Bin Ahmad, who retires in accordance with Article 79 of the Company's Articles of Association, be hereby approved **Resolution 5**

6. Election of director

THAT re-election of the Executive Director, Yong Shang Ming who retires in accordance with Article 86 of the Company's Articles of Association, be hereby approved **Resolution 6**

7. Appointment of auditors

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 2008 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. **Resolution 7**

Notice of 6th Annual General Meeting *(Cont'd)*

Special business

8. Approval for payment of directors' fees

THAT the payment of RM250,000 as directors' fee for the year ended 31 December 2007 (2006 : RM250,000) in accordance with Article 88 of the Company's Articles of Association be hereby approved. **Resolution 8**

9. Authority for issue of shares pursuant to Section 132D of the Act.

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. **Resolution 9**

10. Proposed renewal of shareholders' mandate for existing recurrent related party transactions of a revenue or trading nature and mandate for additional recurrent related party transactions of revenue or trading nature

THAT the shareholders' mandate granted by the shareholders of the Company on 26 June 2007 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 26 May 2008 ("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 additional Recurrent Related Party Transactions of a revenue or trading nature with the related parties mentioned therein, provided that:- **Resolution 10**

(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:

i. the type of the Recurrent Related Party Transactions made;

ii. 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.

Notice of 6th Annual General Meeting *(Cont'd)*

NOTICE OF DIVIDEND ENTITLEMENT

Further NOTICE is hereby given that a first and final dividend of 7% or 7 sen less 26% income tax per ordinary share in respect of the financial year ended 31 December 2007, if approved by shareholders, will be paid on 6 August 2008 to depositors registered in the Record of Depositors at the close of business on 15 July 2008.

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 2008 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 : 26 May 2008

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.

Statement Accompanying Notice of 6th Annual General Meeting

1. ORDINARY BUSINESS - RESOLUTION 2

The directors now recommend a first and final dividend of 7% or 7 sen (RM0.07) less 26% income tax per each ordinary share held in respect of the financial year ended 31 December 2007, giving rise to total net dividend for the financial year of 5.18 sen per ordinary share held.

2. ORDINARY BUSINESS - RESOLUTION 3, 4, 5 and 6

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. Yong Soon Chow	Page 12	Page 108
2. Keong Choon Keat	Page 12	Page 108
3. Mohd Khasan Bin Ahmad	Page 13	Page 108
4. Yong Shang Ming	Page 12	Page 108

Details of Directors' attendance at Board Meetings are set out in the Statement of Corporate Governance on Page 20 of the Annual Report.

3. SPECIAL BUSINESS - RESOLUTION 8

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 sum (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 and shall be paid out of the remuneration of the latter.

Statement Accompanying Notice of 6th Annual General Meeting *(Cont'd)*

4. SPECIAL BUSINESS – RESOLUTION 9

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.

5. SPECIAL BUSINESS – RESOLUTION 10

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.

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
- 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

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

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad - Main Board
Sector : Construction

Corporate Structure

CREST BUILDER HOLDINGS BERHAD
(573382-P)

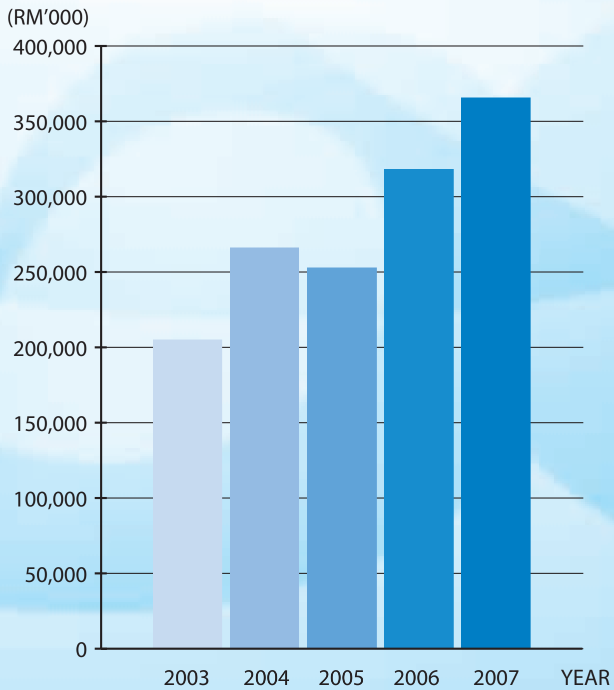
Investment Holding

- **Crest Builder Sdn Bhd** 110330-K — Construction — 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%
- **Crestland Development Sdn Bhd** 316852-A — Property Investment — 100%

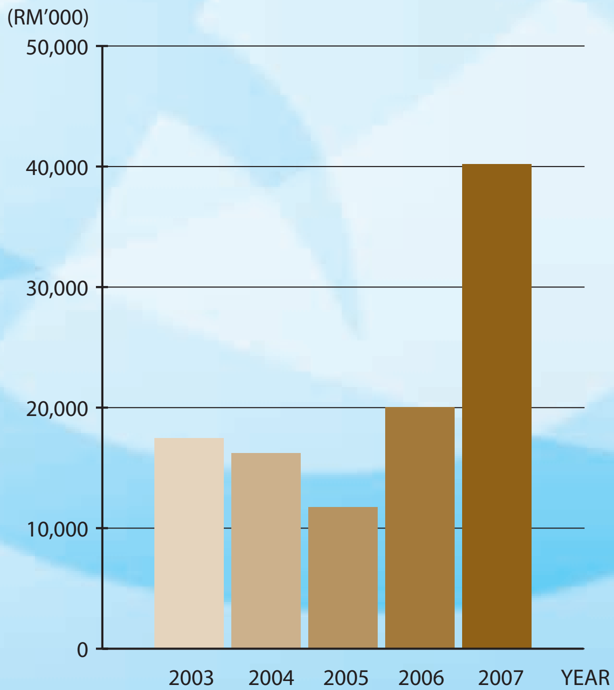
Financial Highlights

Financial Year End	2003 RM	2004 RM	2005 RM	2006 RM'000	2007 RM'000
Revenue	**205,316,155**	**266,290,835**	**253,006,459**	**318,266,499**	**365,766,124**
Profit Before Taxation	**25,892,037**	**25,293,365**	**20,194,397**	**31,460,369**	**52,810,181**
Profit After Taxation	**17,471,634**	**16,238,228**	**11,738,289**	**20,034,336**	**40,193,267**
Profit attributable to shareholders *[after deduction/(addition) of pre-acquisition profit/(loss)]*	**15,458,838**	**16,264,116**	**11,740,593**	**20,034,336**	**40,193,267**
Total Number of Shares	113,637,300	113,749,500	113,749,500	123,750,450	123,911,450
Basic Earnings per Share (sen)	18.59	14.30	10.32	16.39	32.46
Diluted Earnings per Share *(after full conversion of ICULS, RCULS and Warrants)*	16.75	12.94	9.69	–	31.62
Gross Dividend (%)	4.0	4.0	4.0	5.0	7.0

REVENUE



PROFIT AFTER TAX



Director's Profile

Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah [Non-Executive Chairman], aged 52, 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 and sea freight industries. 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 ordered 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 four (4) out of the five (5) Board meetings held during the financial year ended 31 December 2007.

Yong Soon Chow * [Managing Director], aged 56, 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 2007.

Koh Hua Lan [Executive Director], aged 56, 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 2007.

Lee Sooi Teng [Executive Director], aged 43 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 Herriot-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 2007.

Yong Shang Ming * [Executive Director], aged 25 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 none of the five (5) Board meetings held during the financial year ended 31 December 2007.

Keong Choon Keat * [Senior Independent Non-Executive Director], aged 63, 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, Malaysian Airlines System Berhad, Pacificmas Berhad and Pacific Insurance Berhad. He attended four (4) out of the five (5) Board meetings held during the financial year ended 31 December 2007.

Director's Profile *(Cont'd)*

Mohd Khasan Bin Ahmad * [Independent Non-Executive Director], aged 47, 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, MOL Accessportal Berhad, Wellcall Holdings Berhad and Ralco Corporation Berhad He attended all of the five (5) Board meetings held during the financial year ended 31 December 2007.

Kam Yong Kan [Independent Non-Executive Director], aged 49, 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 18 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 2007.

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 26.

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 and sibling to Yong Tiok Chin. Yong Tiok Chin (a major shareholder) is the daughter to Yong Soon Chow and Koh Hua Lan and sibling to Yong Shang Ming. 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 108. 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 2007.

Financial Performance

For the year under review, The Group's turnover was RM365.8 million, an increase of 14.9% from RM318.3 million recorded in the previous financial year. The Group registered a pre-tax profit of RM52.8 million as against RM31.5 million in the previous financial year. Profit after taxation attributable to the shareholders was RM40.2 million, which is higher than the previous year's profit of RM20.0 million.

The increase in the profits was mainly contributed by the property development division due to the completion of project. During the financial year, a gain arising from changes in the fair value of investment properties amounting to RM38.5 million was recognised in the income statement. The fair value is arrived by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

On 27 March 2008, the Malaysian Institute of Accountants issued the FRSIC Consensus 5/2008 Accounting For Premium Paid For Transfer Of Listing Status In A Reverse Takeover Scenario. The Consensus requires payment for listing status to be expensed off to the income statement. Hence in compliance with the said Consensus, the Group had written off an amount of RM33.5 million , the carrying amount representing the premium paid for listing status that was previously included as intangible asset.

Consequently, the earnings per share stood at 32.46 sen as compared to 16.39 sen previously.

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 7.0 sen per share, less income tax of 26% at this Annual General Meeting.

Malaysian Economy and Development

The global economy is expected to grow at a slower pace in 2008. The impact of the US sub-prime mortgage crisis and the wider impact of any slowdown in the US economy on global expansion remain to be seen. Domestically, Malaysian economy is expected to sustain a growth rate of approximately 6% backed by the underlying strength in public and private investment.

With growth in the construction sector projected to hit 6.3% in 2008, the Government's expansionary fiscal spending in the construction sector as the implementation of Ninth Malaysia Plan projects gather momentum bodes well for the construction industry. The Group will maintain its reliance of prudent and cohesive expansion strategy and endeavour to increase our order book to generate higher revenue. The 2008 Budget and 9MP announced by the Government have outlined various pro-active measures that can help to strengthen the local economy.

In 2007, the government took steps to encourage and instil a robust property market by introducing amongst others, the waiver of Real Property Gain Tax and 50% discount on Stamp Duty for property transactions below RM250,000. This would augur well in translating into higher sales for our upcoming launches projects in Shah Alam.

The recent initiatives by the Government to speed up approval process will come as a boost to property developers. With a strengthened legislative environment, developers and industry players should be able to conduct business with greater confidence.

Chairman's Statement *(Cont'd)*

Prospects

The Group will continue to focus on the search for new construction projects and participate in suitable tenders that will be called. Continuous effort is taken to identify strategic measures for improving the Group's construction margins to ensure better contribution to the bottom line.

The Group has become more stringent on clientele selection and projects we embark on. We are focussed on procuring projects of high quality background and esteemed developers with high credentials as our business partners. We base our quality standards on stringent standards such as the Singapore Building & Construction Authority's CONQUAS 21 standard. The Group will continue to focus on creating a brand name for the Group and draw value from our businesses to build shareholder's value.

The property division has continued to contribute an encouraging result which posted a higher profit to the Group. The principal factors for the higher profit were the completion of our pioneer property development project **3 Two Square**, which is a commercial project located at Section 14, Petaling Jaya, Selangor Darul Ehsan. As at the date of this statement, we have recorded sales of over 95% on the shops and shop offices. Our newly completed building 'The Crest' are mainly tenanted out, and our car park operations have also started to contribute to our bottom line. This forms a new source of recurring income to the Group.

The property division's second project is known as **Alam Hijau**. The development project is situated on part of a piece of land of approximately 14.882 hectares in the Mukim of Damansara, District of Petaling in the State of Selangor Darul Ehsan. Phase 1 and 2 of this project has been fully taken up. The remaining phases are still in planning stage having yet to obtain development approval from relevant authorities.

The Group's other property projects are situated at Kelana Jaya and Mont Kiara.

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. In the longer term, the Group hopes to establish a platform that offers broader scope for earning enhancement, ranging from property development to property management and investments.

Corporate Social Responsibilities

The CBHB Group has always been mindful of its Corporate Social Responsibilities ("CSR") towards the community, environment, its employees and shareholders.

With our respect and pride in strong integrity, we value the synergy of our employees which not only ultimately enhances the company's performance but also create a positive and dynamic working environment. We provide training to our staff to improve their skills and develop their potentials. We encourage two-way communications to employees at all level. Senior Management is heavily involved in the day to day operations. Induction seminars are organised annually to align the thinking and direction of the Group for new staffs and employees to learn and adapt to our working culture.

Being in the construction and property development businesses, we are fully aware of the impact our activities have on the community and environment in which we operate. We constantly evaluate and develop work processes and management systems conforming to ISO 9001:2000 standards. The Group has internalized culture which emphasizes on quality occupational health and safety in our business activities. In 2007, we obtained the DOSH 100% Accident Free Award. In addition, rigorous independent audits are being conducted regularly to ensure high standards of quality, safety and health are maintained.

Moving forward, the Group aims to continue to explore new avenues that are in line with our CSR direction which will benefit the society and stakeholders.

Chairman's Statement *(Cont'd)*

Acknowledgement

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

My appreciation is further extended to all our dedicated management and staff who have worked untiringly in making 2007 an awesome record breaking year.

The Board and I wish to record our sincere appreciation to Executive Director, Mr Loo Shen Chang who resigned from the Board on 31 January 2008.

I would also like to take opportunity to welcome onboard our new Executive Director Mr. Yong Shang Ming.

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 who 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
4.	Lee Sooi Teng – resigned w.e.f. 31 January 2008	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 their number (excluding Alternate Directors and shall consist of not fewer than three (3) non-executive members of whom a majority shall be independant directors. At least one (1) 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. The committee shall have the resources which are required to perform its duties.

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 and competency of the scope, functions 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; and

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

(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 majority of the members present 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. Other directors or senior management may attend any particular Audit Committee meeting only at the Audit Committee's invitation.

(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 any executive director.

Report of the Audit Committee *(Cont'd)*

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 2007. 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	4	5
3.	Kam Yong Kan	5	5
4.	Lee Sooi Teng – resigned from the committee w.e.f. 31 January 2008	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 2007 for 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 2006;
- Review of the internal audit report for financial year 2006 & 2007; 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 reappointment 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 optimus under the Company's ESOS scheme to ensure its compliance with Bylaws.

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 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

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	4/5
(ii)	Yong Soon Chow	5/5
(iii)	Koh Hua Lan	5/5
(iv)	Lee Sooi Teng	5/5
(v)	Loo Shen Chang (resigned w.e.f 31 Jan 2008)	5/5
(vi)	Keong Choon Keat	4/5
(vii)	Mohd Khasan Bin Ahmad	5/5
(viii)	Kam Yong Kan	5/5
(ix)	Yong Shang Ming (appointed w.e.f 31 Jan 2008)	–

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 eight (8) members, comprising four (4) Non-Executive Directors and four (4) Executive Directors. Three (3) of the eight (8) 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 12 to 13 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 a member that 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 pages 17 to 19 . The Audit Committee is able 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 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. Save and except for Yong Shang Ming, who was appointed to the Board on 31 January 2008, all Directors have attended the Mandatory Accreditation Programme (MAP). The MAP for Yong Shang Ming is scheduled on 27 & 28 May 2008.

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 appointment. 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. In addition, the Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors. Independent Non-Executive Directors are paid attendance fees for each Board or Board Committee meetings they attend.

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 2007 as follows :-

Salary Band	Executive Director (Number of Directors)	Non-Executive Director (Number of Directors)
Less than 50,000	–	4
200,001 to 250,000	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	1,223,472	1,303,472
Non-Executive Directors	170,000	–	170,000
Total	250,000	1,223,472	1,473,472

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 27 of this Annual Report.

D. ACCOUNTABILITY AND AUDIT (CONT'D)

(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 17 to 19 of this Annual Report.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CODE

The Company is committed to achieving 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 26 April 2008.

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.

3. Exercise of Options, Warrants or Convertible Securities

During the financial year ended 31 December 2007, 161,000 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 RM4,800 were paid to the external auditors for the financial year ended 31 December 2007.

7. Profit Estimate, Forecast or Projection

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

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

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 31.12.2007 (RM)
Farima Sdn Bhd (person connected to TDSS)	Crest Builder Sdn Bhd	Award of Contract (Construction and completion of building work)	80,725,008
Grandland Corporation Sdn Bhd (person connected to YSC & KHL)	Crest Builder Sdn Bhd	Office rental	36,000
Grandland Corporation Sdn Bhd (person connected to YSC & KHL)	CBTECH (M) Sdn Bhd	Office Rental	12,000
Grandland Corporation Sdn Bhd (person connected to YSC & KHL)	3 Two Square Sdn Bhd	Office rental	108,000

10. Revaluation Policy

The revaluation Policy on landed properties of the Company and its subsidiaries is disclosed in Note 3-3 to the Financial Statements.

11. Variation in Results

There is a variance between the unaudited results, which was announced on 26 February 2008, and the audited results of the Group for the financial year ended 31 December 2007 as summarised below :-

	Unaudited RM'000	Audited RM'000	Variance RM'000
Group's net profit for the year	72,641	40,193	(32,448)

Explanation of Major Adjustment

On 27 March 2008, the Malaysian Institute of Accountants issued the FRSIC Consensus 5/2008 Accounting For Premium Paid For Transfer Of Listing Status In A Reverse Takeover Scenario (Acquisition Of The Listing Status Of A Company That Was Not Itself A Going Concern). The Consensus requires payment for listing status to be expensed off to the income statement.

Hence in compliance with the said Consensus, the Group had written off an amount of RM33,450,999.12 , the carrying amount representing the premium paid for listing status that was previously included as intangible asset.

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.

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.

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.

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 formalized in 2006. It carries out its responsibilities to identify and communicate to the Board of Directors the critical risks (present and potential) that the Group faces, any changes in the risk profile and the management action plans to manage these risks.

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

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 26 April 2008.

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 2007.

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 26 April 2008.

F I N A N C I A L S T A T E M E N T S

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 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company.

The principal activities of the Subsidiary Companies are set out in Note 6 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 attributable to shareholders / Profit after taxation	40,193,267	326,427
Retained earnings brought forward	52,536,103	15,560,741
Profit available for appropriation	92,729,370	15,887,168
Dividends	(4,516,892)	(4,516,892)
Retained earnings carried forward	88,212,478	11,370,276

DIVIDENDS

Since the end of the previous financial year, a first and final dividend of 5 sen gross per ordinary share less income tax at 27% amounting to RM4,516,892 in respect of financial year ended 31 December 2006 was paid on 8 August 2007.

The Directors now recommend a first and final dividend of 7 sen gross per ordinary share less income tax at 26% in respect of the financial year ended 31 December 2007 which, subject to the approval of the members at the forthcoming Annual General Meeting of the Company, will be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the Directors. Based on the outstanding issued and paid-up share capital of the Company as at 31 December 2007 of 123,911,450 ordinary shares, the final dividend amounts to RM6,418,613 (5-18 sen net per ordinary share). 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 2008.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES

During the financial year, the issued and paid-up share capital of the Company was increased from 123,750,450 to 123,911,450 by way of the issuance of 161,000 new ordinary shares of RM1-00 each pursuant to the Company's Employee Share Option Scheme ("ESOS").

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

ICULS

On 25 February 2003, the Company issued 18,500,000 of 3 year 3% - 7% ICULS 2003 / 2006 at a nominal value of RM1-00 each for the purpose of acquiring the listing status of MGR Corporation Berhad.

Up to 13 May 2004, a total of 8,500,000 ICULS had been converted into 8,500,000 new ordinary shares of RM1-00 each fully paid up at a conversion price of RM1-00 per share. No ICULS was converted subsequently up to its date of maturity.

At the date of maturity of 24 February 2006, the remaining outstanding 10,000,000 ICULS have been automatically converted into 10,000,000 new ordinary shares of RM1-00 each fully paid at a conversion of RM1-00 per share.

Details of the ICULS are set out in Note 27 to the financial statements.

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 2007, the total number of warrants which remain unconverted amounted to 23,999,050 units.

Details of the warrants are set out in Note 28 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 and came into effect on 19 April 2007 and is to be in force for a period of five (5) years, expiring on 18 April 2012.

The ESOS Committee appointed by the Board of Directors to administer the ESOS, may from time to time offer 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 maximum number of shares to be offered shall not exceed 15% of the issued and fully paid-up share capital of the Company at any point of time during the existence 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 at 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.

EMPLOYEE SHARE OPTION SCHEME (CONT'D)

(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 2007	2006
At 1 January	–	–
Granted	6,780,000	–
Exercised	(161,000)	–
Lapsed due to resignation	(489,500)	–
At 31 December	6,129,500	–

The movement of options over unissued 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 / 2007**	**Granted**	**Exercised**	**Lapsed**	**31 / 12 / 2007**
19 / 4 / 2007	RM1-00	–	6,780,000	161,000	489,500	6,129,500

Other than the Directors whose interest are disclosed separately in the Directors' Interest, the list of eligible employees who were granted options under ESOS are as disclosed in Note 47 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 (f)
LEE SOOI TENG
LOO SHEN CHANG (Resigned w.e.f. 31 January 2008)
YONG SHANG MING (Appointed w.e.f. 31 January 2008)
KEONG CHOON KEAT
MOHD KHASAN BIN AHMAD
KAM YONG KAN

In accordance with Article 79 of the Company's Article of Association, YONG SOON CHOW, 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 respectively.

YONG SHANG MING being appointed to the Board after the last annual general meeting retires in accordance with Article 86 of the Company's Articles of Association at the forth coming annual general meeting and, being eligible, offers himself 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, interest in ordinary shares and debentures, and options over shares of the Company and its related corporations, as stated below :-

	Number of ordinary shares of RM1-00 each			
	At 1 / 1 / 2007	Bought	Sold	At 31 / 12 / 2007
COMPANY				
DIRECT INTEREST				
YONG SOON CHOW	42,418,000	–	–	42,418,000
KOH HUA LAN (f)	3,945,500	–	–	3,945,500
LEE SOOI TENG	200,000	–	–	200,000
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 / 2007	Bought	Sold	At 31 / 12 / 2007
COMPANY				
INDIRECT INTEREST				
TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH ^	6,807,939	–	–	6,807,939
YONG SOON CHOW **	11,610,808	–	–	11,610,808
LEE SOOI TENG *	12,000	–	–	12,000
KEONG CHOON KEAT *	30,000	–	–	30,000

	Number of warrants			
	At 1 / 1 / 2007	Bought	Sold	At 31 / 12 / 2007
COMPANY				
DIRECT INTEREST				
YONG SOON CHOW	7,999,916	–	–	7,999,916
KOH HUA LAN (f)	1,400,000	–	–	1,400,000
INDIRECT INTEREST				
TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH ^	3,000,000	–	–	3,000,000
YONG SOON CHOW *	1,400,000	–	–	1,400,000

^ Held by a company in which the Director has interest
* Held by spouse
** Held by spouse and dependent

DIRECTORS' INTERESTS (CONT'D)

	Option over ordinary shares of RM1-00 each			
	At 1 / 1 / 2007	Granted	Exercised	At 31 / 12 / 2007
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 (f)	–	500,000	–	500,000
LEE SOOI TENG	–	500,000	–	500,000
LOO SHEN CHANG	–	500,000	–	500,000
KEONG CHOON KEAT	–	100,000	–	100,000
MOHD KHASAN BIN AHMAD	–	100,000	–	100,000
KAM YONG KAN	–	100,000	–	100,000

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

Other than as disclosed above, none of the other Directors in office at the end of the financial year has any interest in the shares and debentures 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 any benefits (other than a benefit 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 42 to the financial statements.

Except for the benefits under the Company's ESOS, 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 may acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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 had 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 have been written down to their estimated realisable value.

OTHER STATUTORY INFORMATION (CONT'D)

(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 render adherence to the existing methods 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 respective financial statements misleading.

(e) As at the date of this report, there does not exist :-

i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year except as disclosed in Note 40 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 have not been affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements; 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

Significant events during the financial year are disclosed in Note 43 to the financial statements.

SIGNIFICANT SUBSEQUENT EVENTS

Significant events subsequent to the balance sheet date are disclosed in Note 44 to the financial statements.

Directors' Report *(Cont'd)*

AUDITORS

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

Signed in accordance with a resolution of the Directors dated 26 April 2008.

CHAIRMAN
TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH

MANAGING DIRECTOR
YONG SOON CHOW

Petaling Jaya
Dated : 26 April 2008

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 40 to 101 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of their operations, changes in equity and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors dated 26 April 2008.

CHAIRMAN
TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH

MANAGING DIRECTOR
YONG SOON CHOW

Petaling Jaya
Dated : 26 April 2008

Statutory Declaration

I, GOH SIN HUAT, being the officer primarily responsible for the accounting records and financial management of CREST BUILDER HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 40 to 101 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 26 April 2008) **GOH SIN HUAT**

Before me

COMMISSIONER FOR OATHS

Auditors' Report

to the Members of Crest Builder Holdings Berhad

GEP ASSOCIATES AF1030
CHARTERED ACCOUNTANTS
An Independent member firm of AGN International

We have audited the financial statements set out on pages 40 to 101.

The financial statements are the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :-

a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of :-

    i) the matters required by Section 169 of the Act to be dealt with in the financial statements of the Group and of the Company; and

    ii) the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of their operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date;

and

b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements 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 consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies that have been consolidated were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

GEP ASSOCIATES
No : AF 1030
Chartered Accountants

ESTHER TAN CHOON HWA
No : 1023 / 03 / 10 (J)
Partner

Petaling Jaya
Dated : 26 April 2008

Consolidated Balance Sheet

as at 31 December 2007

	Note	2007 RM	2006 RM
PROPERTY, PLANT AND EQUIPMENT	4	14,755,302	41,991,603
INVESTMENT PROPERTIES	5	88,011,005	5,115,000
OTHER INVESTMENTS	8	8,554,000	4,554,000
INTANGIBLE ASSETS	9	33,604,364	67,055,363
LAND HELD FOR PROPERTY DEVELOPMENT	10	21,135,734	33,471,001
		166,060,405	152,186,967
CURRENT ASSETS			
Property development costs	11	15,530,073	34,040,032
Inventories	12	6,872,205	–
Trade receivables	13	131,038,433	78,692,283
Amounts due from contract customers	14	122,562,566	124,203,997
Other receivables, deposits and prepayments	15	15,355,978	3,060,100
Tax recoverable		5,213,254	3,849,431
Cash and bank balances	17	24,347,850	8,341,646
		320,920,359	252,187,489
CURRENT LIABILITIES			
Trade payables	18	83,608,826	97,934,863
Amounts due to contract customers	14	10,933,336	4,716,207
Progress billings		12,291,339	11,277,637
Other payables, deposits and accruals	19	32,342,780	5,881,975
Hire purchase creditors	21	1,911,455	1,897,506
Bank overdraft	22	3,872,361	2,680,749
Other bank borrowings	23	29,243,744	27,861,164
Provision for taxation		6,049,860	4,175,643
		180,253,701	156,425,744
NET CURRENT ASSETS		140,666,658	95,761,745
		306,727,063	247,948,712
CAPITAL AND RESERVES			
Equity attributable to equity holders of the Company			
Share capital	24	123,911,450	123,750,450
Reserves	25	92,441,555	56,561,645
Shareholders' equity		216,353,005	180,312,095
Minority interests	26	–	–
Total equity		216,353,005	180,312,095
LONG TERM AND DEFERRED LIABILITIES			
Hire purchase creditors	21	1,689,485	1,429,385
Loans	29	88,187,999	65,447,721
Deferred tax liabilities	30	496,574	759,511
		306,727,063	247,948,712

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

Consolidated Income Statement

for the year ended 31 December 2007

	Note	2007 RM	2006 RM
Revenue	31	365,766,124	318,266,499
Cost of sales	31	(296,942,084)	(270,140,179)
Gross profit		68,824,040	48,126,320
Other operating income		41,245,946	2,755,375
		110,069,986	50,881,695
Administrative expenses		(49,205,497)	(14,722,184)
Profit from operations	32	60,864,489	36,159,511
Finance costs	35	(8,054,308)	(4,699,142)
Profit before taxation		52,810,181	31,460,369
Income tax expense	36	(12,616,914)	(11,426,033)
Profit after taxation		40,193,267	20,034,336
Attributable to :-			
Equity holders of the Company		40,193,267	20,034,336
Minority interests		–	–
		40,193,267	20,034,336
Earnings per share attributable to equity holders of the Company :-			
Basic earnings per share (sen)	37	32-46	16-39
Diluted earnings per share (sen)	37	31-62	N/A
Dividend per share (sen)	38	7-00	5-00

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2007

	Note	Share capital RM	Capital reserve RM	Share option reserve RM	Other reserve RM	Retained earnings RM	Total RM	Minority interests RM	Total equity RM
		Attributable to Equity Holders of the Company							
			Non - distributable			Distributable			
At 1 January 2006		113,749,500	4,025,542	–	134,579	34,283,774	152,193,395	–	152,193,395
Profit for the year		–	–	–	–	20,034,336	20,034,336	–	20,034,336
		113,749,500	4,025,542	–	134,579	54,318,110	172,227,731	–	172,227,731
Conversion of :-									
- Irredeemable Convertible Unsecured Loan Stocks	27	10,000,000	–	–	–	–	10,000,000	–	10,000,000
- Warrants 2003 / 2013	28	950	–	–	–	–	950	–	950
Equity component of convertible loan stocks	25	–	–	–	(134,579)	–	(134,579)	–	(134,579)
Dividends	38	–	–	–	–	(1,782,007)	(1,782,007)	–	(1,782,007)
At 31 December 2006		123,750,450	4,025,542	–	–	52,536,103	180,312,095	–	180,312,095

	Note	Share capital RM	Capital reserve RM	Share option reserve RM	Other reserve RM	Retained earnings RM	Total RM	Minority interests RM	Total equity RM
		Attributable to Equity Holders of the Company							
			Non - distributable			Distributable			
At 1 January 2007		123,750,450	4,025,542	–	–	52,536,103	180,312,095	–	180,312,095
Profit for the year		–	–	–	–	40,193,267	40,193,267	–	40,193,267
		123,750,450	4,025,542	–	–	92,729,370	220,505,362	–	220,505,362
Share options granted under ESOS	25	–	–	203,535	–	–	203,535	–	203,535
Issue of shares :-									
- Options issued under ESOS		161,000	22,833	(22,833)	–	–	161,000	–	161,000
Dividends	38	–	–	–	–	(4,516,892)	(4,516,892)	–	(4,516,892)
At 31 December 2007		123,911,450	4,048,375	180,702	–	88,212,478	216,353,005	–	216,353,005

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

Consolidated Cash Flow Statement

for the year ended 31 December 2007

	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	52,810,181	31,460,369
Adjustments for :-		
Allowance for doubtful debts	–	487,821
Deposits forfeited	(3,500)	(2,000)
Depreciation	3,740,482	4,957,001
ESOS employee expenses	203,535	–
Fair value adjustments on investment properties	(38,506,961)	(331,754)
Gain on disposal of investment properties	(264,800)	(93,372)
Gain on disposal of property, plant and equipment	(481,948)	(287,700)
Intangible asset written off	33,450,999	–
Interest expenses	9,784,286	6,367,333
Interest income	(826,886)	(263,929)
Investment written off	–	346,500
Property, plant and equipment written off	36,389	24,272
Short-term accumulating compensated absences	59,482	146,613
Waiver of debts	–	(195,435)
Operating profit before working capital changes	60,001,259	42,615,719
Increase in property development costs	(3,817,767)	(1,531,164)
Decrease in inventories	27,343,273	–
Increase in trade receivables	(52,796,150)	(18,227,457)
Decrease / (Increase) in amounts due from contract customers	1,641,430	(26,677,503)
Increase in other receivables, deposits and prepayments	(12,295,878)	(1,018,672)
(Decrease) / Increase in trade payables	(13,876,038)	41,614,306
Increase / (Decrease) in amounts due to contract customers	6,217,129	(363,669)
Increase / (Decrease) in progress billings	1,013,702	(8,713,026)
Increase in other payables, deposits and accruals	26,404,825	1,015,290
	(20,165,474)	(13,901,895)
Cash generated from operations	39,835,785	28,713,824
Income tax paid	(12,802,780)	(11,372,727)
Income tax refunded	433,323	–
Net cash generated from operating activities carried forward	27,466,328	17,341,097

Consolidated Cash Flow Statement

for the year ended 31 December 2007 (Cont'd)

	Note	2007 RM	2006 RM
Net cash generated from operating activities brought forward		27,466,328	17,341,097
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		826,886	263,929
Increase in development expenditure		(1,395,549)	(2,376,607)
Proceeds from disposal of investment properties		1,267,800	1,108,340
Proceeds from disposal of property, plant and equipment		889,400	308,200
Purchase of investment		(4,000,000)	–
Purchase of investment properties		(10,776,995)	–
Purchase of property, plant and equipment		(9,028,070)	(11,892,533)
Net cash used in investing activities		(22,216,528)	(12,588,671)
		5,249,800	4,752,426
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(4,516,892)	(1,782,007)
Fixed deposits with licensed banks		218,286	2,407,888
Proceeds from issuance of ordinary shares		161,000	950
Interest paid		(7,941,223)	(5,281,455)
Loan raised		39,901,000	28,391,806
Repayment of term loans		(15,778,142)	(25,880,155)
Repayment of hire purchase creditors		(2,260,951)	(2,072,270)
Net cash generated from / (used in) financing activities		9,783,078	(4,215,243)
Net increase in cash and cash equivalents		15,032,878	537,183
Cash and cash equivalents brought forward		2,156,211	1,619,028
Cash and cash equivalents carried forward	17	17,189,089	2,156,211

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

Balance Sheet

as at 31 December 2007

	Note	2007 RM	2006 RM
PROPERTY, PLANT AND EQUIPMENT	4	8,197	9,643
INVESTMENT IN SUBSIDIARY COMPANIES	6	94,765,270	94,765,270
OTHER INVESTMENT	8	8,500,000	4,500,000
INTANGIBLE ASSETS	9	–	33,450,999
		103,273,467	132,725,912
CURRENT ASSETS			
Other receivable and prepayments	15	930,988	553,851
Amounts due from Subsidiary Companies	16	122,398,679	55,749,540
Tax recoverable		878,839	1,151,247
Cash and bank balances	17	221,051	53,896
		124,429,557	57,508,534
CURRENT LIABILITIES			
Other payables and accruals	19	2,952,221	1,657,713
Amounts due to Subsidiary Companies	20	240,000	240,000
		3,192,221	1,897,713
NET CURRENT ASSETS		121,237,336	55,610,821
		224,510,803	188,336,733
CAPITAL AND RESERVES			
Share capital	24	123,911,450	123,750,450
Reserves	25	15,599,353	19,586,283
Shareholders' equity		139,510,803	143,336,733
LONG TERM AND DEFERRED LIABILITIES			
Loan	29	85,000,000	45,000,000
		224,510,803	188,336,733

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

Income Statement

for the year ended 31 December 2007

	Note	2007 RM	2006 RM
Revenue	31	53,740,826	15,708,369
Cost of sales		–	–
Gross profit		53,740,826	15,708,369
Other operating income		–	–
		53,740,826	15,708,369
Administrative expenses		(34,375,143)	(578,613)
Profit from operations	32	19,365,683	15,129,756
Finance costs	35	(6,240,171)	(3,469,167)
Profit before taxation		13,125,512	11,660,589
Income tax expense	36	(12,799,085)	(3,397,343)
Profit after taxation		326,427	8,263,246

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

Statement of Changes in Equity

for the year ended 31 December 2007

	Note	Share capital RM	Non - distributable Capital reserve RM	Non - distributable Share option reserve RM	Non - distributable Other reserve RM	Distributable Retained earnings RM	Total RM
At 1 January 2006		113,749,500	4,025,542	–	134,579	9,079,502	126,989,123
Profit for the year		–	–	–	–	8,263,246	8,263,246
		113,749,500	4,025,542	–	134,579	17,342,748	135,252,369
Conversion of :-							
- Irredeemable Convertible Unsecured Loan Stocks	27	10,000,000	–	–	–	–	10,000,000
- Warrants 2003 / 2013	28	950	–	–	–	–	950
Equity component of convertible loan stocks	25	–	–	–	(134,579)	–	(134,579)
Dividends	38	–	–	–	–	(1,782,007)	(1,782,007)
At 31 December 2006		123,750,450	4,025,542	–	–	15,560,741	143,336,733

	Note	Share capital RM	Non - distributable Capital reserve RM	Non - distributable Share option reserve RM	Non - distributable Other reserve RM	Distributable Retained earnings RM	Total RM
At 1 January 2007		123,750,450	4,025,542	–	–	15,560,741	143,336,733
Profit for the year		–	–	–	–	326,427	326,427
		123,750,450	4,025,542	–	–	15,887,168	143,663,160
Share options granted under ESOS		–	–	203,535	–	–	203,535
Issues of shares :-							
- Options issued under ESOS		161,000	22,833	(22,833)	–	–	161,000
Dividends	38	–	–	–	–	(4,516,892)	(4,516,892)
At 31 December 2007		123,911,450	4,048,375	180,702	–	11,370,276	139,510,803

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

Cash Flow Statement

for the year ended 31 December 2007

	Note	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		13,125,512	11,660,589
Adjustments for :-			
Depreciation		1,446	1,447
Dividend income		(48,000,000)	(13,000,000)
ESOS employee expenses		203,535	–
Intangible asset written off		33,450,999	–
Interest expenses		6,240,171	3,469,167
Interest income		(5,740,826)	(2,708,369)
Operating loss before working capital changes		(719,163)	(577,166)
(Increase) / Decrease in other receivable and prepayments		(377,137)	225,000
Increase / (Decrease) in other payables and accruals		1,294,508	(78,131)
		917,371	146,869
Cash generated from / (used in) operations		198,208	(430,297)
Income tax refund		433,323	–
Net cash generated from / (used in) operating activities		631,531	(430,297)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		35,040,000	9,360,000
Interest received		5,740,826	2,708,369
Purchase of investment		(4,000,000)	–
Net cash generated from investing activities		36,780,826	12,068,369
		37,412,357	11,638,072
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(4,516,892)	(1,782,007)
Loan raised		40,000,000	–
Proceeds from issuance of shares		161,000	950
Increase in amounts due from Subsidiary Companies		(66,649,139)	(11,848,915)
Increase in amounts due to Subsidiary Companies		–	30,000
Interest paid		(6,240,171)	(4,052,500)
Net cash used in financing activities		(37,245,202)	(17,652,472)
Net increase / (decrease) in cash and cash equivalents		167,155	(6,014,400)
Cash and cash equivalents brought forward		53,896	6,068,296
Cash and cash equivalents carried forward	17	221,051	53,896

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

Notes to the Financial Statements

31 December 2007

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad ("BMSB") since 12 June 2003. It is not a subsidiary of another company.

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, No.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 described in Note 6 to the financial statements.

The financial statements are expressed in Ringgit Malaysia.

The financial statements of the Group and of the Company for the financial year ended 31 December 2007 were authorised for issue in accordance with a resolution of the Board of Directors on 26 April 2008.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention except otherwise indicated in this summary of significant accounting policies.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

The preparation of financial statements in conformity with the applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

2.1 Changes in accounting policies

On 1 January 2007, the Group and the Company adopted the following Financial Reporting Standards ("FRSs") mandatory for financial periods beginning on or after 1 October 2006 and 1 January 2007 respectively :-

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 124	Related Party Disclosures

2. BASIS OF PREPARATION (CONT'D)

2.1 Changes in accounting policies (Cont'd)

The adoption of the revised and new FRS 6 and 124 does not result in significant changes in accounting policies of the Group and the Company. The principal change in accounting policies and their effect resulting from the adoption of FRS 117 are discussed as follows :-

i) FRS 117 Leases

a) Leasehold land held for own use

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. 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. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land 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.

The change did not materially affect the financial statements of the Group and of the Company.

b) Initial direct costs

Prior to 1 January 2007, the Group, as a lessor in operating lease arrangements, had recognised initial direct costs incurred in negotiating and arranging leases as an expense in the income statement in the period in which they were incurred. The revised FRS 117 requires such costs to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. According to the revised FRS 117, this change in accounting policy should be applied retrospectively. In general, the Group does not incur significant initial direct costs on negotiating and arranging leases and as a result, this change in accounting policy did not materially affect the financial statements of the Group and of the Company.

The Company has not adopted the deferred FRS 139 Financial Instruments : Recognition and Measurement and the following new and revised FRSs, amendments and Interpretations that are mandatory for financial periods beginning on or after 1 July 2007 :-

a) FRS 107 Cash Flow Statements

b) FRS 111 Construction Contracts

c) FRS 112 Income Taxes

d) FRS 118 Revenue

e) FRS 120 Accounting for Government Grants and Disclosure of Government Assistance

f) FRS 134 Interim Financial Reporting

g) FRS 137 Provisions, Contingent Liabilities and Contingent Assets

h) Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

2. BASIS OF PREPARATION (CONT'D)

2.1 Changes in accounting policies (Cont'd)

i) IC Interpretation 1 — Changes in Existing Decommissioning, Restoration and Similar Liabilities

j) IC Interpretation 2 — Members' Shares in Co-operative Entities and Similar Instruments

k) IC Interpretation 5 — Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

l) IC Interpretation 6 — Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment

m) IC Interpretation 7 — Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies

n) IC Interpretation 8 — Scope of FRS 2

The above new and revised FRSs, amendment and Interpretations will not have any impact to the financial statements.

2.2 Significant accounting estimates and judgements

i) 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 of the Group as at 31 December 2007 was RM33,604,364 (2006 : RM67,055,363). Further details are as disclosed in Note 9 to the financial statements.

b) Construction

The Group recognises construction 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 costs incurred for work performed to-date bear to the estimated total construction costs.

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

2. BASIS OF PREPARATION (CONT'D)

2.2 Significant accounting estimates and judgements (Cont'd)

i) Key sources of estimation uncertainty (Cont'd)

c) Property development

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

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

d) Share-based payments to employees arising from ESOS

The cost of providing share-based payments to employees is charged to the income statement over the vesting period of the related share options. The costs is based on the fair value of the options and the number of options expected to vest. The fair value of each option is determined using the Black-Scholes option pricing model.

e) Taxation

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis on consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its Subsidiary Companies made up to the end of the financial year. 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 other events in similar circumstances.

Intragroup transactions, balances and resulting unrealised profits and losses from intragroup transactions 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis on consolidation (Cont'd)

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 recognised over the cost of acquisition is recognised immediately in profit or loss.

Minority interest represents the portion of the profit and loss and net assets in Subsidiary Companies not held by the Group. Minority interest is measured at the minorities' share of the Subsidiary Companies' identifiable assets and liabilities at the date of acquisition and the share of changes in the Subsidiary Companies' equity since then. Separate disclosure is made for minority interest.

3.2 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. 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 is not amortised as it has an infinite life.

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 of building-in-progress commences when the assets are ready for their intended use.

Depreciation of other property, plant and equipment is calculated in order to write off their cost to its residual value on a straight line basis over their expected useful lives of property, plant and equipment concerned. The principal annual rates used are :-

Buildings	2 %
Equipment, furniture and fittings	10 - 20 %
Light equipment	20 %
Plant and machinery	20 %
Motor vehicles	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. Gains or losses on disposals are determined by comparing the sales proceeds with carrying amounts and included in the income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Investment properties

Investment properties, principally comprising land and buildings are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment properties 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 profit or loss in the year in which they arise.

A property interest that is held 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 property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

3.4 Subsidiary Companies

Subsidiary Companies are those companies in which the Group has the ability to exercise control over the financial and operating policies of an enterprise so as to obtain benefit 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.

Investment in Subsidiary Companies are stated at cost except where there is an indication of impairment, in which case the carrying value of the investment is assessed and written down immediately to its recoverable amount.

3.5 Associated Companies

Associated Companies are those companies in which the Company has significant influence and that is neither a subsidiary company nor an interest in a joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the Associated Companies but not control over those policies.

Investments in Associated Companies are accounted for in the financial statements using the equity method of accounting. Under the equity method, the investment in Associated Companies are carried at cost adjusted for post-acquisition changes in the Group's share of net assets of the Associated Companies. The Group's share of the net profit and loss of the Associated Companies are recognised in the consolidated income statement. Where there had been a change recognised directly in the equity of the Associated Companies, the Group recognised its share of such changes directly to equity.

Unrealised gains and losses on transactions between the Group and its Associated Companies are eliminated to the extent of the Group's interest in the Associated Companies.

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

3.5 Associated Companies (Cont'd)

The Group's share of results and reserves of an Associated Company acquired is included in the consolidated financial statements from the date of acquisition until the Group ceases to have significant influence over the Associated Company. For this purpose, audited or management financial statements for the period to 31 December are used. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

When the Group's share of losses in an Associated Company equals or exceeds its interest in the Associated Company, including any long term interests that, in substance, form part of the Group's net investment in the Associated Company, the Group discontinues recognising its share of future losses, unless the Group has incurred obligations or made payments on behalf of the Associated Company.

Goodwill relating to an Associated Company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the Associated Company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the Associated Company's profit or loss in the period in which the investment is acquired.

3.6 Other investment

Long-term investment is stated at cost less impairment losses.

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

3.7 Intangible assets

a) 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 amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

b) Other intangible assets

Intangible assets are measured on initial recognition at cost. Subsequent to the initial recognition, intangible assets are carried at cost less any accumulated losses.

Intangible assets with indefinite lives are not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite useful life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 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. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.21.

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.

3.9 Property development costs

Property development costs comprise the cost of land together with related development expenditure that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development cost 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 and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of completed properties is determined on a specific identification basis and comprises proportionate cost of land and related development and construction costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

3.11 Receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of design, technology and functions or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to-date to the estimated total costs for the contract. Variation in contract works, claim and incentive payments are included to the extent they have been agreed with the customers. Construction cost includes direct material, labour, subcontractor cost and attributable overhead.

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

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to contract customers.

3.13 Payables

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

3.14 Leases

A lease where the Group assumes substantially all the benefits and risks of ownership is classified as finance lease. Leases of land and buildings are classified as operating leases in the same way as leases of other assets and the land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions :-

a) 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 3.3; and

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Leases (Cont'd)

b) Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

i) 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 3.2.

ii) 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.

iii) 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. 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.

3.15 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)

3.16 Convertible loan stocks

Convertible loan stocks are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible loan stock. The difference between the proceeds of issue of the convertible loan stocks and the fair value assigned to the liability component, representing the conversion option is included in shareholders' equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible loan stocks to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan stocks.

3.17 Share capital

i) Classification

Ordinary shares are classified as equity.

The portion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and Redeemable Convertible Unsecured Loan Stocks ("RCULS") representing the value of the conversion option at the time of issue is included in equity. The value of the conversion option is not changed in subsequent periods. Upon conversion of the ICULS and RCULS to equity shares, the amount credited to share capital is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised.

Distribution to holders of a financial instrument classified as an equity instrument is charged directly to equity.

ii) Share issue costs

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

iii) Dividends

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

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.

3.18 Foreign currency translation

Transactions in foreign currencies are translated into Ringgit Malaysia at exchange rates closely approximating to those ruling at the date of transactions. Gains and losses on exchange are dealt with in the income statement.

Assets and liabilities in foreign exchange are translated into Ringgit Malaysia at rates of exchange closely approximating to those ruling at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Revenue recognition

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

i) Construction contracts

Profit on construction contracts is recognised on the percentage of completion method where the outcome of the contracts can be reliably estimated. When the outcome of a construction contract cannot be estimated reliably, 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. All estimated losses are fully provided for.

iii) Rental and interest income

Rental income and interest income are recognised in the income statement on an accrual basis unless collection is doubtful.

iv) Dividend income

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

3.20 Employee benefits

i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non monetary benefits 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 Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

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

3.20 Employee benefits (Cont'd)

iii) Share-based compensation

The Crest Builder Holdings Berhad Employee Share Option Scheme ("ESOS"), an equity settled, share-based compensation plan, allows the Group's employee 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 due excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the 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.

3.21 Impairment of assets

The carrying values of assets other than investment properties, construction contract assets, property development costs, are reviewed for impairment at each balance sheet date to determine whether there is an indication that the assets might be impaired. If any of such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill and intangible assets that have 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 if whether other assets or liabilities of the Group are assigned to those units or group 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 charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Impairment of assets (Cont'd)

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 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. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

3.22 Borrowing costs

Interest incurred on borrowings directly associated with development properties is capitalised and included as part of development expenditure.

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 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.

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 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 on the balance sheet

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to financial instruments classified as liabilities, 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 on the balance sheet is disclosed in the individual policy statements associated with each item.

The Group has not used any derivatives financial instrument.

ii) Fair values estimation for disclosure purposes

In assessing the fair value of financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of traded ICULS are based on quoted market prices at the balance sheet date.

The carrying amounts for financial assets and liabilities with a maturity 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 risk and returns that are different from those of other business segments.

Segment revenue, expense, 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 book value	At 1 / 1 / 2007 RM	Transfers RM	Additions RM	Disposals RM	Current depreciation RM	At 31 / 12 / 2007 RM
Freehold land	3,336,760	–	–	287,107	–	3,049,653
Buildings	1,177,039	–	–	120,345	28,551	1,028,143
Building-in-progress	27,887,420	(42,944,044)	15,056,624	–	–	–
Equipment, furniture and fittings	1,154,783	–	656,810	–	384,602	1,426,991
Light equipment	1,348,168	–	1,247,700	–	591,098	2,004,770
Plant and machinery	4,745,102	–	1,863,600	–	1,955,508	4,653,194
Motor vehicles	2,342,331	–	1,067,332	36,389	780,723	2,592,551
	41,991,603	(42,944,044)	19,892,066	443,841	3,740,482	14,755,302

Net book value	At 1 / 1 / 2006 RM	Transfers RM	Additions RM	Disposals RM	Current depreciation RM	At 31 / 12 / 2006 RM
Freehold land	3,336,760	–	–	–	–	3,336,760
Buildings	1,205,830	–	–	–	28,791	1,177,039
Building-in-progress	25,674,395	(8,589,933)	10,802,958	–	–	27,887,420
Equipment, furniture and fittings	1,452,263	–	107,209	3,250	401,439	1,154,783
Light equipment	997,208	–	725,580	–	374,620	1,348,168
Plant and machinery	7,217,421	–	1,005,000	20,500	3,456,819	4,745,102
Motor vehicles	1,733,899	–	1,324,786	21,022	695,332	2,342,331
	41,617,776	(8,589,933)	13,965,533	44,772	4,957,001	41,991,603

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

2007	Cost RM	Accumulated depreciation RM	Net book value RM
Freehold land	3,049,653	–	3,049,653
Buildings	1,295,978	267,835	1,028,143
Building-in-progress	–	–	–
Equipment, furniture and fittings	4,286,531	2,859,540	1,426,991
Light equipment	4,609,394	2,604,624	2,004,770
Plant and machinery	23,701,222	19,048,028	4,653,194
Motor vehicles	7,049,117	4,456,566	2,592,551
	43,991,895	29,236,593	14,755,302

2006	Cost RM	Accumulated depreciation RM	Net book value RM
Freehold land	3,336,760	–	3,336,760
Buildings	1,439,531	262,492	1,177,039
Buildings-in-progress	27,887,420	–	27,887,420
Equipment, furniture and fittings	3,629,722	2,474,939	1,154,783
Light equipment	3,361,694	2,013,526	1,348,168
Plant and machinery	22,017,622	17,272,520	4,745,102
Motor vehicles	7,282,001	4,939,670	2,342,331
	68,954,750	26,963,147	41,991,603

COMPANY Net book value	At 1 / 1 / 2007 RM	Additions RM	Disposals RM	Current depreciation RM	At 31 / 12 / 2007 RM
Equipment, furniture and fittings	9,643	–	–	1,446	8,197

Net book value	At 1 / 1 / 2006 RM	Additions RM	Disposals RM	Current depreciation RM	At 31 / 12 / 2006 RM
Equipment, furniture and fittings	11,090	–	–	1,447	9,643

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

2007	**Cost RM**	**Accumulated depreciation RM**	**Net book value RM**
Equipment, furniture and fittings	14,465	6,268	8,197

2006	**Cost RM**	**Accumulated depreciation RM**	**Net book value RM**
Equipment, furniture and fittings	14,465	4,822	9,643

The net book value of assets acquired under hire purchase arrangements of which instalments are still outstanding at the balance sheet date are :-

	GROUP	
	2007 RM	**2006 RM**
Equipment, furniture and fittings	94,800	126,400
Plant and machinery	3,415,248	2,977,130
Motor vehicles	2,353,497	2,128,270
	5,863,545	5,231,800

The net book value of freehold land amounting to RM457,697 (2006 : RM457,697) of the Group are pledged for borrowings as referred to in Note 29 to the financial statements.

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM19,760,733 (2006 : RM13,965,533) of which RM2,777,832 (2006 : RM2,073,000) were acquired by means of hire purchase arrangements.

Included in building-in-progress is interest expense capitalised during the financial year amounting to RM455,154 (2006 : RM293,011).

Included in building-in-progress is an amount of NIL (2006 : RM8,180,101) ascribable to leasehold land with an unexpired lease period of more than fifty (50) years. The leasehold land is pledged for borrowings as referred to in Note 29 to the financial statements.

5. INVESTMENT PROPERTIES

	GROUP 2007 RM	GROUP 2006 RM
At 1 January	5,115,000	5,798,214
Transfer from property plant and equipment	42,944,044	–
Additions during the year	2,448,000	–
Disposals during the year	(1,003,000)	(1,014,968)
Fair value adjustments on investment properties	38,506,961	331,754
At 31 December	88,011,005	5,115,000

The carrying amount of investment properties consists of :-

	GROUP 2007 RM	GROUP 2006 RM
Freehold land	1,266,667	1,733,333
Leasehold land	2,800,333	473,333
Buildings	83,944,005	2,908,334
	88,011,005	5,115,000

Leasehold land of the Group is held on a long lease with an unexpeired period of more than fifty (50) years.

Net book value of assets pledged as security for borrowings :-

	GROUP 2007 RM	GROUP 2006 RM
Leasehold land	2,493,667	166,667
Building	79,457,338	333,333

6. INVESTMENT IN SUBSIDIARY COMPANIES

	GROUP 2007 RM	GROUP 2006 RM
Unquoted shares, at cost	94,765,270	94,765,270

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of Company	Effective Equity Interest 2007 %	2006 %	Principal Activity
Crest Builder Sdn Bhd	100	100	Construction
Crestland Development Sdn Bhd	100	100	Property investment
CBTech (M) Sdn Bhd	100	100	Mechanical and electrical engineering services
3 Two Square Sdn Bhd	100	100	Property investment and
Nepfield Sdn Bhd	100	100	Property investment
Crest Builder International Sdn Bhd	100	100	Investment holding
CB Land Sdn Bhd	100	100	Property investment and property development
Crestland Project Management Sdn Bhd	100	100	Project management
Vertical Success Sdn Bhd	100	100	Property investment and property development

7. INTERESTS IN ASSOCIATED COMPANY

	GROUP 2007 RM	2006 RM
At cost		
Unquoted shares	–	406,383
Share of accumulated losses	–	(59,883)
	–	346,500
Less : Written off during the year	–	(346,500)
	–	–

7. INTERESTS IN ASSOCIATED COMPANY (CONT'D)

	GROUP 2007 RM	GROUP 2006 RM
Represented by :-		
Share of net tangible assets	–	–
Premium on acquisition	–	–
	–	–

The Associated Company is incorporated in the Kingdom of Bahrain.

Name of Company	Effective Equity Interest 2007 %	Effective Equity Interest 2006 %	Principal Activity
Crest Builder Bahrain W.L.L.	NIL	NIL	Building contractor

During the previous financial year, the Associated Company had permanently ceased operation. Hence, the amount of investment in Associated Company is fully written off accordingly.

8. OTHER INVESTMENTS

	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
At cost				
Unquoted bonds of corporation in Malaysia	8,500,000	4,500,000	8,500,000	4,500,000
Transferable club membership	90,000	90,000	–	–
	8,590,000	4,590,000	8,500,000	4,500,000
Less : Accumulated impairment losses	(36,000)	(36,000)	–	–
	8,554,000	4,554,000	8,500,000	4,500,000

9. INTANGIBLE ASSETS

	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
At 1 January	67,055,363	67,055,363	33,450,999	33,450,999
Less : Written off during the year	(33,450,999)	–	(33,450,999)	–
At 31 December	33,604,364	67,055,363	–	33,450,999

On 27 March 2008, the Malaysian Institute of Accountants issued the FRSIC Consensus 5/2008 Accounting For Premium Paid For Transfer Of Listing Status In A Reverse Takeover Scenario (Acquisition Of The Listing Status Of A Company That Was Not Itself A Going Concern). The Consensus requires payment for listing status to be expensed off to the income statement.

Hence in compliance with the Consensus, the Group and the Company had written off an amount of RM33,450,999 (2006 : NIL) representing the premium paid for listing status that was previously included as intangible asset.

9.1 Impairment tests for goodwill

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

	Construction RM	Investment holding RM	Property development RM	Total RM
At 31 December 2007	33,550,094	32,988	21,282	33,604,364
At 31 December 2006	61,500,693	1,394,355	4,160,315	67,055,363

9.2 Key assumptions used in value-in-use calculations

The recoverable amount of a cash generating unit ("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 :-

	2007 Discount rate %	2007 Growth rate %	2006 Discount rate %	2006 Growth rate %
Construction	14-00	10-00	14-00	10-00
Property development	14-00	10-00	14-00	10-00

9. INTANGIBLE ASSETS (CONT'D)

9.2 Key assumptions used in value-in-use calculations (Cont'd)

The following describes each key assumption on which the management has based its cash flow projections to undertake 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 assumption

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

10. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP	
	2007	**2006**
	RM	**RM**
At cost		
Freehold land		
At 1 January	29,271,373	29,271,375
Additions during the year	–	(2)
Transfers to property, plant and equipment	(11,227,373)	–
At 31 December	18,044,000	29,271,373
Development expenditure		
At 1 January	4,199,628	1,823,019
Costs incurred during the year	756,319	2,376,609
Transfers to property, plant and equipment	(1,864,213)	–
At 31 December	3,091,734	4,199,628
Land held for property development as at 31 December	21,135,734	33,471,001

Included in development expenditure incurred during the financial year is interest expense capitalised amounting to RM460,815 (2006 : RM1,049,999).

Freehold land amounting to RM11,127,609 (2006 : RM22,354,982) is pledged for borrowings as referred to in Note 29 to the financial statements.

11. PROPERTY DEVELOPMENT COSTS

Property development costs comprise the following :-

	GROUP 2007 RM	GROUP 2006 RM
Property development costs at 1 January :-		
Leasehold land	22,219,899	17,791,515
Development expenditure	37,089,111	12,002,392
	59,309,010	29,793,907
Costs incurred during the year :-		
Freehold land	–	–
Leasehold land	6,247,786	–
Development expenditure	41,205,101	20,925,170
	47,452,887	20,925,170
Costs transferred from land held for property development :-		
Freehold land	11,227,373	–
Leasehold land	–	–
Development expenditure	1,864,213	–
	13,091,586	–
Costs transferred from property, plant and equipment :-		
Leasehold land	–	4,428,384
Development expenditure	–	4,161,549
	–	8,589,933
Costs recognised in income statement :-		
At 1 January	(25,268,978)	(4,205,761)
Recognised during the year	(47,114,829)	(21,063,217)
At 31 December	(72,383,807)	(25,268,978)
Transfer of unsold properties to inventories :-		
Current year	(31,939,603)	–
Property development costs at 31 December	15,530,073	34,040,032

Included in development expenditure incurred during the year is interest expense capitalised amounting to RM1,847,967 (2006 : RM760,585).

The freehold and leasehold land are pledged for borrowings as referred to in Note 29 to the financial statements.

12. INVENTORIES

	GROUP	
	2007 RM	2006 RM
At cost		
Completed properties	6,872,205	–

13. TRADE RECEIVABLES

	GROUP	
	2007 RM	2006 RM
Trade receivables	43,799,321	3,940,140
Progress billings receivable	50,209,235	45,327,118
Less : Allowance for doubtful debts	(1,997,475)	(1,997,475)
	92,011,081	47,269,783
Retention sums	39,027,352	31,422,500
	131,038,433	78,692,283

The Group's normal trade credit term ranges 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 exposure to a single debtor or to a group of debtors.

14. AMOUNTS DUE FROM / (TO) CONTRACT CUSTOMERS

	GROUP	
	2007 RM	2006 RM
Construction cost incurred	1,079,571,895	894,046,819
Profit attributable to work performed to-date	175,555,497	155,607,547
	1,255,127,392	1,049,654,366
Less : Progress billings received and receivable	(1,143,498,162)	(930,166,576)
	111,629,230	119,487,790
Amounts due from contract customers	122,562,566	124,203,997
Amounts due to contract customers	(10,933,336)	(4,716,207)
	111,629,230	119,487,790
Advances received on contracts, included within progress billings received and receivable	52,801,750	24,524,095

14. AMOUNTS DUE FROM / (TO) CONTRACT CUSTOMERS (CONT'D)

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

	GROUP	
	2007 RM	2006 RM
Hire of plant and machinery	2,712,202	2,836,295
Depreciation of property, plant and equipment	2,397,650	3,668,113
Lease rental	644,217	402,726
Rental of premises	281,746	365,652

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables	12,641,523	781,520	9,536	9,536
Deposits	1,751,970	1,848,018	–	–
Prepayments	1,450,306	918,383	921,452	544,315
	15,843,799	3,547,921	930,988	553,851
Less : Allowance for doubtful debts	(487,821)	(487,821)	–	–
	15,355,978	3,060,100	930,988	553,851

16. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

The amounts due are unsecured, without any fixed term of repayment and interest free except for an amount of RM77,653,495 (2006 : RM37,249,927) which bears interest at 7-60% (2006 : 7-45%) per annum.

17. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Short-term investments	53,455	51,754	–	–
Fixed deposits with licensed banks	6,837,530	6,846,924	–	–
Short-term deposits	15,000,000	–	–	–
Cash on hand and at banks	2,456,865	1,442,968	221,051	53,896
Cash and bank balances	24,347,850	8,341,646	221,051	53,896
Less : Bank overdraft	(3,872,361)	(2,680,749)	–	–
Fixed deposits pledged	(3,286,400)	(3,504,686)	–	–
Cash and cash equivalents	17,189,089	2,156,211	221,051	53,896

17. CASH AND CASH EQUIVALENTS (CONT'D)

Fixed deposits pledged comprise RM1,858,623 (2006 : RM1,829,199) to licensed banks for short-term borrowings facilities and RM1,427,777 (2006 : RM1,675,487) being bank guarantees for performance bonds issued in favour of third parties in respect of projects undertaken by a Subsidiary Company.

Short-term investments comprise of investments in Income Fund. The weighted average effective interest rate of investments in Income Fund is 3-40% (2006 : 3-13%).

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

	GROUP	
	2007 %	2006 %
Short-term deposits with licensed banks	3-40	–
Fixed deposits with licensed banks	3-18	3-03

The average maturities of deposits as at the end of the financial year were as follows :-

	GROUP	
	2007 Days	2006 Days
Short-term deposits with licensed banks	14	–
Fixed deposits with licensed banks	104	141

18. TRADE PAYABLES

	GROUP	
	2007 RM	2006 RM
Trade payables	57,819,140	76,005,285
Retention sums	25,789,686	21,929,578
	83,608,826	97,934,863

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

19. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables	6,560,196	3,687,134	1,227,295	1,227,295
Deposits	2,301,628	76,300	–	–
Accruals	23,480,956	2,118,541	1,724,926	430,418
	32,342,780	5,881,975	2,952,221	1,657,713

20. AMOUNTS DUE TO SUBSIDIARY COMPANIES

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

21. HIRE PURCHASE CREDITORS

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

	GROUP	
	2007 RM	**2006 RM**
Minimum hire purchase payments :-		
- not later than one year	2,068,848	2,064,315
- later than one year and not later than five years	1,825,149	1,553,005
- later than five years	–	–
	3,893,997	3,617,320
Future finance charges on hire purchase	(293,057)	(290,429)
Present value of hire purchase payments	3,600,940	3,326,891
Present value of hire purchase payments :-		
- not later than one year	1,911,455	1,897,506
- later than one year and not later than five years	1,689,485	1,429,385
- later than five years	–	–
	3,600,940	3,326,891
Less : Amount repayable within one year	(1,911,455)	(1,897,506)
Amount repayable after one year	1,689,485	1,429,385

Hire purchase facilities incur weighted average effective interest rate of 2-71% (2006 : 2-91%) per annum.

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

	GROUP	
	2007 RM	**2006 RM**
Amount repayable :-		
Within one year	1,911,455	1,897,506
After one year but within two years	1,201,233	1,073,170
After two years but within three years	488,252	356,215
After three years but within four years	–	–
After four years but within five years	–	–
After five years	–	–
	3,600,940	3,326,891

22. BANK OVERDRAFT

Bank overdraft facilities incur an effective interest rate of 7-50% (2006 : 7-75%) per annum.

The securities of the bank overdraft facilities are as disclosed in Note 29 to the financial statements.

23. OTHER BANK BORROWINGS

	GROUP	
	2007 RM	2006 RM
Bankers' acceptance	19,398,000	19,497,000
Bridging loan (Note 29)	–	2,500,000
Term loans (Note 29)	9,845,744	5,864,164
	29,243,744	27,861,164

The securities of the bankers' acceptance, bridging loan and term loan facilities are as disclosed in Note 29 to the financial statements.

Bankers' acceptance incurs an effective interest rate of 4-58% (2006 : 3-20%) per annum.

24. SHARE CAPITAL

	GROUP AND COMPANY			
	2007		2006	
	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	123,750,450	123,750,450	113,749,500	113,749,500
Issued during the year				
Options under ESOS	161,000	161,000	–	–
Conversion of :-				
- ICULS	–	–	10,000,000	10,000,000
- Warrants 2003 / 2013	–	–	950	950
At 31 December	123,911,450	123,911,450	123,750,450	123,750,450

24. SHARE CAPITAL (CONT'D)

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

	Number of share options 2007	2006
At 1 January	–	–
Granted	6,780,000	–
Exercised	(161,000)	–
Lapsed due to resignation	(489,500)	–
At 31 December	6,129,500	–

The movement of options over unissued 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 / 2007**	**Granted**	**Exercised**	**Lapsed**	**31 / 12 / 2007**
19 / 4 / 2007	RM1-00	–	6,780,000	161,000	489,500	6,129,500

25. RESERVES

	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
NON-DISTRIBUTABLE :-				
Capital reserve :-				
At 1 January	4,025,542	4,025,542	4,025,542	4,025,542
Issue of shares under ESOS	22,833	–	22,833	–
At 31 December	4,048,375	4,025,542	4,048,375	4,025,542
Share option reserve :-				
Share options granted under ESOS	203,535	–	203,535	–
Issue of shares under ESOS	(22,833)	–	(22,833)	–
	180,702	–	180,702	–

25. RESERVES (CONT'D)

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Other reserve :-				
At 1 January	–	134,579	–	134,579
Reserve arising from equity component of convertible loan stocks	–	(134,579)	–	(134,579)
At 31 December	–	–	–	–
DISTRIBUTABLE :-				
Retained earnings	88,212,478	52,536,103	11,370,276	15,560,741
	92,441,555	56,561,645	15,599,353	19,586,283

Subject to the agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt account as at 31 December 2007, to frank / distribute in full its unappropriated profits by way of dividends without incurring additional tax liability.

26. MINORITY INTERESTS

This consists of share capital and the proportion of reserve attributable to minority shareholder of Subsidiary Company.

27. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

On 25 February 2003, the Company issued 18,500,000 nominal value of 3 year 3% - 7% ICULS 2003 / 2006 at a nominal value of RM1-00 each to MGR Corporation Berhad (Special Administrators Appointed), MGR Corporation Berhad's creditors and / or MGR Corporation Berhad's creditors' agent.

The principal terms of the ICULS are as follows :-

i) Payment of interest

The Company agrees with the Trustees to pay an interest of :-

a) first year - three per cent (3%);

b) second year - five per cent (5%); and

c) third year - seven per cent (7%) per annum

based on the nominal value of the original loan stocks, payable in arrears annually on the first and second anniversary of the date of issuance of the original loan stocks and on the maturity date.

27. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONT'D)

ii) Conversion right

Each loan stockholder shall have the right to convert all or part of his loan stocks into fully paid new ordinary shares of the Company at the conversion price on a market day during the conversion period.

All loan stocks converted under the Trust Deed shall cease to carry interest from and including the conversion date.

The new ordinary shares issued and allotted upon conversion of the loan stocks shall rank pari passu in all respects with the existing shares in issue at the conversion date, except that they will not be entitled to any dividends, rights, allotments and / or other distributions, on the entitlement date of which is prior to such conversion date.

iii) Conversion price

The ICULS will be converted on the basis of one (1) ICULS for one (1) new ordinary share of RM1-00 each in the Company.

The ICULS are not secured.

The proceeds received from the ICULS have been split between the liability component and the equity component, representing the fair value of the conversion option. The ICULS are accounted for in the balance sheet of the Group and of the Company as follows :-

	GROUP AND COMPANY	
	2007 RM	**2006 RM**
Nominal value of ICULS	–	10,000,000
Equity component net of deferred tax	–	(134,580)
Deferred tax liability	–	(52,336)
Liability component	–	9,813,084
Adjustment for effect of conversion of ICULS :-		
Reduction in nominal value of ICULS	–	(10,000,000)
Reduction in equity component net of deferred tax	–	134,580
Reduction in deferred tax liability	–	52,336
	–	–
Interest expense recognised in income statement :-		
At 1 January	–	1,383,544
Recognised during the year	–	116,666
At 31 December	–	1,500,210
Interest paid :-		
At 1 January	–	(800,210)
Paid during the year	–	(700,000)
At 31 December	–	(1,500,210)
Liability component as at 31 December	–	–

27. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONT'D)

Interest expense on the ICULS is calculated on the effective yield basis by applying the interest rate of NIL (2006 : 7-00%) for the equivalent non-convertible loan stocks to the liability component of the ICULS.

At the date of maturity of 24 February 2006, 10,000,000 ICULS have been automatically converted into 10,000,000 new ordinary shares of RM1-00 each fully paid at a conversion of RM1-00 per share.

28. 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 2007, 23,999,050 (2006 : 23,999,050) warrants remain unconverted.

29. LOANS

	GROUP		COMPANY	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Secured				
Bridging loan	–	8,811,885	–	–
Term loans	13,033,743	20,000,000	–	–
Unsecured				
Collaterised loan obligation	85,000,000	45,000,000	85,000,000	45,000,000
	98,033,743	73,811,885	85,000,000	45,000,000
Less : Amount repayable within one year (Note 23)	(9,845,744)	(8,364,164)	–	–
Amount repayable after one year	88,187,999	65,447,721	85,000,000	45,000,000

29. LOANS (CONT'D)

29.1 The bank overdraft, bankers acceptance, bridging loan and term loans are secured by :-

i) a first legal charge over a 22,284.57 meter square (5.5 acre) of leasehold commercial land located in Section 19, Petaling Jaya held under Pajakan Negeri No. 3948, Lot 32, Seksyen 36, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan;

ii) a first legal charge over freehold land known as Lot 13824 and 13825, Seksyen 22, Shah Alam, Selangor held under Geran 30437 and 30438, Lot 13824 and 13825, Mukim Damansara, District of Petaling Jaya, State of Selangor Darul Ehsan;

iii) 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) No. 44166, P.T. No. 16311, Mukim of Setapak, District of Wilayah Persekutuan;

iv) 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;

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

vi) a deed of assignment of all rights, interest and benefit under the relevant sale and purchase agreement of all monies owing or payable under the facilities;

vii) a deed of Power of Attorney;

viii) an assignment of sales proceeds of the 237 office / retail units in favour of the bank for all monies owing or payable under the facilities;

ix) an assignment of rental proceeds and sales proceeds (if any) of the corporate office and car park bays in favour of the bank for all monies owing or payable under the facilities; and

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

29.2 The Unsecured Term Loan Facility agreement provides that the Company shall subscribe for the Subordinated Bonds issued by Kerisma Berhad, a company specially incorporated for the purpose of implementing and carrying out a primary collateralised loan obligations transaction.

Tenure for the Unsecured Term Loan is for a period not exceeding five (5) years from the date of advance of the facility. Such term loan is repayable on a lump sum basis on the last day of the tenure of the term loan.

29. LOANS (CONT'D)

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

	GROUP		COMPANY	
	2007	**2006**	**2007**	**2006**
	%	**%**	**%**	**%**
Bridging loan	–	7-00	–	–
Term loans	7-00	7-00	–	–
Collaterised loan obligation	7-60	7-15	7-60	7-15

The maturity structure of the loans are as follows :-

	GROUP		COMPANY	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Amount repayable :-				
Within one year	9,845,744	8,364,164	–	–
After one year but within two years	48,187,999	12,439,967	45,000,000	–
After two years but within three years	–	48,878,069	–	45,000,000
After three years but within four years	–	4,129,685	–	–
After four years but within five years	40,000,000	–	40,000,000	–
After five years	–	–	–	–
	98,033,743	73,811,885	85,000,000	45,000,000

30. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
At 1 January	759,511	1,778,903	–	52,336
Recognised in income statement	(262,937)	(1,019,392)	–	(52,336)
At 31 December	496,574	759,511	–	–

Presented after appropriate offsetting as follows :-

Deferred tax assets	–	–	–	–
Deferred tax liabilities	496,574	759,511	–	–

30. DEFERRED TAX LIABILITIES (CONT'D)

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

Deferred tax liabilities of the Group :-

	Accelerated Capital Allowances RM	Revaluation of Plant and Machinery RM	Convertible Loan Stocks RM	Interest RM	Total RM
At 1 January 2007	759,511	–	–	–	759,511
Reversed to equity	–	–	–	–	–
Recognised in the income statement	(262,937)	–	–	–	(262,937)
At 31 December 2007	496,574	–	–	–	496,574
At 1 January 2006	1,032,847	286,691	52,336	407,029	1,778,903
Reversed to equity	–	–	–	(407,029)	(407,029)
Recognised in the income statement	(273,336)	(286,691)	(52,336)	–	(612,363)
At 31 December 2006	759,511	–	–	–	759,511

Deferred tax liabilities of the Company :-

	Convertible Loan Stocks 2007 RM	2006 RM
At 1 January	–	52,336
Deferred tax income	–	(52,336)
At 31 December	–	–

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

	GROUP 2007 RM	2006 RM
Unutilised tax losses	5,985	10,100

The unutilised tax losses and unabsorbed capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

31. REVENUE AND COST OF SALES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Revenue is categorised as follows :-				
Dividend income	–	–	48,000,000	13,000,000
Interest income	58,480	100,752	5,740,826	2,708,369
Contract revenue	246,422,036	266,897,383	–	–
Sales of development properties	118,889,003	51,175,364	–	–
Car park collection	70,832	–	–	–
Rental income from investment properties	325,773	93,000	–	–
	365,766,124	318,266,499	53,740,826	15,708,369

Cost of sales represents cost of construction contracts and cost of development properties sold.

	GROUP	
	2007 RM	2006 RM
Cost of sales is categorised as follows :-		
Cost of construction contracts	224,559,506	249,076,962
Cost of development properties sold	72,382,578	21,063,217
	296,942,084	270,140,179

32. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging :-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Allowance for doubtful debts	–	487,821	–	–
Auditors' remuneration				
- current year's provision				
- statutory	115,600	91,600	20,000	20,000
- non statutory	4,800	4,000	4,800	4,000
- under / (over) provision in prior year	11,300	(2,800)	–	–
Depreciation	3,740,482	4,957,001	1,446	1,447
Direct operating expenses of investment properties				
- Revenue generating during the year	27,894	10,324	–	–
- Non revenue generating during the year	16,694	10,702	–	–
Directors' fee (Note 33)	250,000	250,000	250,000	250,000
Directors' other emoluments (Note 33)	1,223,472	1,125,312	–	9,300
Fair value adjustments on investment properties	–	366,836	–	–
Hire of plant and machineries	15,303	–	–	–
Intangible asset written off	33,450,999	–	33,450,999	–
Investment written off	–	346,500	–	–
Property, plant and equipment written off	36,389	24,272	–	–
Rental expenses	263,890	156,000	–	–

and crediting :-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Dividend income	–	–	48,000,000	13,000,000
Fair value adjustments on investment properties	38,506,961	698,590	–	–
Gain on disposal of investment properties	264,800	93,372	–	–
Gain on disposal of property, plant and equipment	481,948	287,700	–	–
Interest income	826,886	263,929	5,740,826	2,708,369
Late payment interest	147,644	–	–	–
Rental income from investment properties	157,560	126,960	–	–
Waiver of debts	–	195,435	–	–

33. DIRECTORS' REMUNERATION

	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
Executive Directors				
- Allowances	–	1,500	–	1,500
- Emoluments	1,223,472	1,116,012	–	–
- Fees	80,000	130,000	80,000	130,000
	1,303,472	1,247,512	80,000	131,500
Non Executive Directors				
- Allowances	–	7,800	–	7,800
- Fees	170,000	120,000	170,000	120,000
	170,000	127,800	170,000	127,800
GRAND TOTAL	1,473,472	1,375,312	250,000	259,300

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

	Number of Directors 2007	Number of Directors 2006
Executive Directors		
Less than RM50,000	–	–
RM50,001 - RM150,000	–	–
RM150,001 - RM200,000	–	–
RM200,001 - RM250,000	1	2
RM250,001 - RM300,000	2	–
RM300,001 - RM350,000	–	1
RM350,001 - RM400,000	–	–
RM400,001 - RM450,000	–	–
RM450,001 - RM500,000	–	–
RM500,001 - RM550,000	–	–
RM550,001 - RM600,000	1	1
	4	4
Non Executive Directors		
Less than RM50,000	4	4
GRAND TOTAL	8	8

34. STAFF COSTS

Included in the staff costs are the following :-

	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
EPF and SOCSO	898,302	845,146	–	–
ESOS employee expenses	203,535	–	203,535	–
Medical expenses	241,742	27,724	–	–
Messing and refreshment	46,433	91,281	–	–
Salaries, overtime, bonus and allowances	6,527,327	6,140,246	–	–
Short-term accumulating compensated absences	59,482	146,613	–	–
Staff training	8,470	5,920	–	–
Staff welfare	61,011	33,295	–	–
Total staff costs	8,046,302	7,290,225	203,535	–

35. FINANCE COSTS

Included in finance costs are the following charges for the year :-

	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
Bank overdraft interest	358,345	240,322	–	–
Bankers' acceptance interest	1,006,809	786,505	–	–
Hire purchase interest	169,515	203,148	–	–
Loan stock interest	–	116,666	–	116,666
Term loan interest	6,519,639	3,352,501	6,240,171	3,352,501

36. INCOME TAX EXPENSE

	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
Current year's provision	13,069,311	11,825,514	12,798,552	3,400,893
(Over) / Underprovision of taxation in prior years	(189,460)	567,575	533	(3,550)
	12,879,851	12,393,089	12,799,085	3,397,343
Deferred tax :-				
Relating to origination / (reversal) of temporary difference	66,405	(151,384)	–	–
Deferred tax income relating to revaluation of plant and machinery	–	(286,691)	–	–
Overprovision of deferred tax in prior year	(329,342)	(528,981)	–	–
	(262,937)	(967,056)	–	–
	12,616,914	11,426,033	12,799,085	3,397,343

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 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
Profit before taxation	52,810,181	31,460,369	13,125,512	11,660,589
Taxation at Malaysian statutory tax rate				
- at 28%	13,774,529	10,701,607	3,543,888	3,264,965
- up to RM500,000 at 20%	247,182	219,337	–	–
Effect of different tax rate	(2,888)	(972)	–	–
Income not subject to tax	(10,397,338)	(140,156)	–	–
Expenses not deductible for tax purposes	9,513,203	890,910	9,254,664	135,928
Deferred tax income relating to revaluation of plant and machinery	–	(286,691)	–	–
Deferred tax assets not recognised during the year	1,028	3,404	–	–
(Over) / Underprovision of taxation in prior years	(189,460)	567,575	533	(3,550)
Overprovision of deferred tax in prior year	(329,342)	(528,981)	–	–
	12,616,914	11,426,033	12,799,085	3,397,343

36. INCOME TAX EXPENSE (CONT'D)

	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
Tax savings recognised during the year arising from :-				
- Utilisation of current year's capital allowances	959,784	871,256	–	–
- Utilisation of unutilised tax losses brought forward from previous year	2,833	–	–	–

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 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
Unutilised tax losses	22,200	22,200	–	–

37. EARNINGS PER SHARE

37.1 Basic earnings per share

The basic earnings per share is calculated by dividing the Group's 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 2007	GROUP 2006
Profit attributable to ordinary equity holders of the Company (RM)	40,193,267	20,034,336
Weighted average number of ordinary shares in issue	123,812,645	122,243,138
Basis earnings per share (sen)	32-46	16-39

37. EARNINGS PER SHARE (CONT'D)

37.2 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 shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from the conversion of ICULS and Warrants. The amount of profit for the year attributable to ordinary equity holders of the Company is adjusted by the after tax effect of interest expense recognised during the financial year which would have been saved on conversion of the outstanding ICULS and Warrants into ordinary shares. The adjusted weighted average number of shares is the weighted number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the conversion of the outstanding ICULS and Warrants into ordinary shares. The ICULS and Warrants are deemed to have been converted into ordinary shares at the date of issue.

The fully diluted earnings per share is calculated by dividing the adjusted profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares issued and issuable assuming full conversion of ICULS and Warrants as follows :-

	GROUP	
	2007	**2006**
Profit attributable to ordinary equity holders of the Company (RM)	40,193,267	20,034,336
Weighted average number of ordinary shares in issue	123,812,645	122,243,138
Adjustment for assumed conversion of warrants	2,745,279	#
Adjustment for ESOS	535,194	–
Adjusted weighted average number of ordinary shares in issue and issuable	127,093,118	122,243,138
Diluted earnings per share (sen)	31-62	N/A

Not taken into account in the computation of diluted earnings per share because the effect is anti-dilutive

38. DIVIDENDS

	GROUP AND COMPANY 2007 RM	2006 RM
Final dividend of 2 sen less income tax at 28% per ordinary share in respect of financial year ended 31 December 2005	–	1,782,007
First and final dividend of 5 sen less income tax at 27% per ordinary share in respect of financial year ended 31 December 2006	4,516,892	–
	4,516,892	1,782,007

The Directors now recommend a first and final dividend of 7 sen gross per ordinary share less income tax at 26% in respect of the financial year ended 31 December 2007 which, subject to the approval of the members at the forthcoming Annual General Meeting of the Company, will be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the Directors. Based on the outstanding issued and paid-up share capital of the Company as at 31 December 2007 of 123,911,450 ordinary shares, the final dividend amounts to RM6,418,613 (5-18 sen net per ordinary share). 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 2008.

39. FINANCIAL INSTRUMENTS

39.1 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, market, foreign currency and liquidity 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 mainly to borrowings and deposits. 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 assets. The Group's investment in financial assets are mainly short-term in nature and have been placed in fixed deposits which yield better returns than cash at bank.

The information on maturity dates and effective interest rates on financial assets and liabilities are disclosed in their respective notes. As at 31 December 2007, the Group has not entered into any hedging instruments arrangements to minimise its exposure to interest rate volatility.

ii) Credit risk

Credit risk is 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 by the Group's management reporting procedures.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 Financial risk management objectives and policies (Cont'd)

iii) Market risk

The Group has in place policies 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.

iv) Foreign currency risk

The Group has transactional currency exposure, which arise from foreign currency transactions entered into by the Group in currencies other than their functional currencies.

The Group manages its transactional exposure by matching, as far as possible, its receipts and payments in each individual currencies. The Group does not use any foreign currency instruments to hedge foreign currency exposure.

v) Liquidity risk

The Group actively manages its debt maturity profile, 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 or 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.

39.2 Fair values

The aggregate net fair values of financial liabilities which are not carried at fair value on the balance sheet of the Group and of the Company as at the end of the financial year are represented as follows :-

	2007		2006	
	Carrying amount RM	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
GROUP				
Financial liabilities				
Bridging loan and term loans	13,033,743	13,033,743	28,811,885	28,234,752

It is not practical to estimate the fair values of the amounts due from / to Subsidiary Companies due principally to a lack of fixed repayment term entered by the parties involved 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.

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

39. FINANCIAL INSTRUMENTS (CONT'D)

39.2 Fair values (Cont'd)

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 loans

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

iii) Quoted loan stocks

The fair value of quoted ICULS are determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

iv) Borrowings

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

40. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Guarantees given to financial institution in respect of facilities granted to Subsidiary Companies	–	–	228,469,000	223,269,000
Guarantees issued in favour of third parties	51,942,861	29,939,489	–	–

41. CAPITAL COMMITMENT

	GROUP		COMPANY	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Approved and contracted for - Land held for property development	6,447,517	6,447,517	–	–

42. RELATED PARTY TRANSACTIONS

42.1 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 party	Relationship
Farima Sdn Bhd	Company connected to a Director of the Company
Grandland Corporation Sdn Bhd	Company connected to certain Directors of the Company

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Contract income received / receivable from :-				
- Farima Sdn Bhd	82,725,008	61,448,365	–	–
Rental income received from :-				
- Farima Sdn Bhd	36,000	36,000	–	–
Rental paid to :-				
- Grandland Corporation Sdn Bhd	156,000	156,000	–	–

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

	GROUP	
	2007 RM	2006 RM
Progress billings receivable	12,843,089	14,169,244
Retention sums	9,493,978	6,800,291
	22,337,067	20,969,535

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

42. RELATED PARTY TRANSACTIONS (CONT'D)

42.2 Compensation of key management personnel

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

	GROUP		COMPANY	
	2007 **RM**	**2006** **RM**	**2007** **RM**	**2006** **RM**
Short-term employee benefits	1,585,574	1,444,512	80,000	131,500

Included in the total key management personnel are :-

	GROUP		COMPANY	
	2007 **RM**	**2006** **RM**	**2007** **RM**	**2006** **RM**
Directors' remuneration	1,303,472	1,247,512	80,000	131,500

43. SIGNIFICANT EVENTS DURING THE YEAR

43.1 On 8 January 2007, the Company had entered into facility agreement with RHB Investment Bank Berhad (formerly known as RHB Sakura Merchant Bankers Berhad) and Prima Uno Berhad for an unsecured fixed term loan facility under Primary Collateralised Loan Obligation programme up to the maximum principal amount of RM40,000,000.

43.2 On 14 March 2007, the Company had obtained the approval from its shareholders for the establishment of an employee share option scheme for the eligible employees and Directors of the Company and its Subsidiary Companies.

44. SIGNIFICANT SUBSEQUENT EVENTS

Up to 3 March 2008, the issued and paid-up share capital of the Company was increased from 123,911,450 to 124,089,450 by way of the issuance of 178,000 new ordinary shares of RM1-00 each pursuant to the Company's Employee Share Option Scheme.

45. SEGMENTAL REPORTING

45.1 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 those obtainable in transactions with unrelated parties. Inter-segment pricing is determined based on terms mutually agreed between the respective companies.

As at 31 December 2007	**Construction RM**	**Investment holding RM**	**Property development RM**	**Eliminations RM**	**Consolidated RM**
Revenue					
External sales	246,422,036	182,079	119,162,009	–	365,766,124
Inter-segment sales	37,908,544	53,682,347	–	(91,590,891)	–
Total revenue	284,330,580	53,864,426	119,162,009	(91,590,891)	365,766,124
Results					
Segment results	11,570,958	(34,450,361)	83,350,035	–	60,470,632
Unallocated corporate expenses					393,857
					60,864,489
Finance costs					(8,054,308)
Income tax expense					(12,616,914)
Profit after taxation					40,193,267
Assets					
Segment assets	253,482,526	46,151,242	182,133,742	–	481,767,510
Unallocated corporate assets	4,334,415	878,839	–	–	5,213,254
Consolidated total assets					486,980,764
Liabilities					
Segment liabilities	97,222,543	2,972,392	38,981,346	–	139,176,281
Unallocated corporate liabilities	27,035,983	85,039,702	19,375,793	–	131,451,478
Consolidated total liabilities					270,627,759
Other information					
Capital expenditure	4,174,829	–	24,633,344	–	28,808,173
Depreciation	3,657,405	1,446	81,631	–	3,740,482
Non-cash expenses other than depreciation and amortisation	98,895	203,535	–	–	302,430
Non-cash income	576,748	173,500	38,509,985	–	39,260,233

45. SEGMENTAL REPORTING (CONT'D)

As at 31 December 2006	Construction RM	Investment holding RM	Property development RM	Eliminations RM	Consolidated RM
Revenue					
External sales	266,897,383	193,752	51,175,364	–	318,266,499
Inter-segment sales	37,908,544	15,607,617	–	(53,516,161)	–
Total revenue	304,805,927	15,801,369	51,175,364	(53,516,161)	318,266,499
Results					
Segment results	7,080,662	284,971	28,934,960	–	36,300,593
Unallocated corporate expenses					(141,082)
					36,159,511
Finance costs					(4,699,142)
Income tax expense					(11,426,033)
Profit after taxation					20,034,336
Assets					
Segment assets	225,281,892	74,821,149	100,421,984	–	400,525,025
Unallocated corporate assets	2,638,872	1,151,247	59,312	–	3,849,431
Consolidated total assets					404,374,456
Liabilities					
Segment liabilities	106,391,914	1,684,132	11,734,636	–	119,810,682
Unallocated corporate liabilities	26,579,955	45,002,164	32,669,560	–	104,251,679
Consolidated total liabilities					224,062,361
Other information					
Capital expenditure	3,155,316	–	16,899,904	–	20,055,220
Depreciation	4,899,132	1,447	56,422	–	4,957,001
Amortisation	–	–	–	–	–
Non-cash expenses other than depreciation and amortisation	875,679	346,500	3,250	–	1,225,429
Non-cash income	381,072	896,025	–	–	1,277,097

b) Geographical Segments

No geographical segment is presented as the Group operates principally in Malaysia.

46. COMPARATIVE FIGURES

The comparative figures were extended to comply with the additional disclosure requirements of the new Financial Reporting Standards that are applicable for the financial year ended 31 December 2007.

47. CBHB - ESOS

Other than the Directors whose interest are disclosed separetely in the Directors' Report, eligible employees who were granted options under ESOS are as follows :-

	← Option over ordinary shares of RM1-00 each →				
	At 1 / 1 / 2007	Granted	Exercised	Lapsed	At 31 / 12 / 2007
Ahmad Fahmy Mustaffa	–	30,000	–	–	30,000
Balamurugan A/L Samikanmu	–	75,000	–	75,000	–
Chan Choy Yie	–	30,000	9,000	21,000	–
Chan Fei Ching	–	50,000	–	–	50,000
Chan Song Kee	–	40,000	–	–	40,000
Chan Tze Fen	–	20,000	–	20,000	–
Chan Yen Xin	–	20,000	–	–	20,000
Chandra Mohan A/L Muthusamy	–	30,000	–	30,000	–
Chang Chia Chien	–	20,000	–	–	20,000
Chew Kok Wah	–	5,000	–	–	5,000
Chin Yook Hiong	–	100,000	–	100,000	–
Chong Foong Kuen	–	30,000	–	–	30,000
Choo Jun Tin	–	30,000	–	–	30,000
Chot Qiao Yi	–	30,000	9,000	–	21,000
Chua Choo Tieng	–	75,000	22,500	–	52,500
Chau Siang Yee	–	30,000	–	–	30,000
Diong Hung Ching	–	30,000	9,000	21,000	–
Djasmy Chong Yow Vooi	–	50,000	10,000	40,000	–
Dominic A/L Savarimuthu	–	20,000	–	–	20,000
Gan Lai Hoon	–	40,000	–	–	40,000
Goh Sin Huat	–	75,000	–	–	75,000
Haji Abdul Rahman Bin Ahmad	–	75,000	–	–	75,000
Heather Lim Wan Suen	–	75,000	–	–	75,000
Ho Wan Chan	–	100,000	–	–	100,000
Hoe Wee Ching	–	30,000	–	–	30,000
Ong Hean Hoon	–	100,000	–	–	100,000
Ismail Bin Talib	–	5,000	–	–	5,000

47. CBHB - ESOS (CONT'D)

	Option over ordinary shares of RM1-00 each At 1 / 1 / 2007	Granted	Exercised	Lapsed	At 31 / 12 / 2007
Kang Poh Chuan	–	30,000	–	–	30,000
Khoo Kheng Kiat	–	150,000	–	–	150,000
Kogila A/P Subramaniam	–	40,000	–	–	40,000
Koh Wai Kong	–	75,000	–	–	75,000
Kon Khen Kong	–	30,000	–	–	30,000
Kshithi Devan A/L C K Nair	–	75,000	–	–	75,000
Lavanya A/P Arumugam	–	20,000	–	–	20,000
Lee Chan Keong	–	75,000	–	75,000	–
Lee June Vee	–	30,000	3,000	–	27,000
Lee Kiam Wah	–	50,000	–	–	50,000
Lee Kit Seng	–	40,000	–	–	40,000
Lee Ko Miin	–	30,000	9,000	–	21,000
Lee Kok Ming	–	100,000	–	–	100,000
Leong Chee Foong	–	75,000	–	–	75,000
Leow Weng Chuan	–	20,000	–	–	20,000
Lim Ah Ber	–	30,000	9,000	–	21,000
Lim Ah Fook	–	75,000	–	–	75,000
Lim Shee Hau	–	75,000	–	–	75,000
Lim Swee Peng	–	50,000	–	–	50,000
Loh Foong Yin	–	5,000	–	–	5,000
Loh Yoon Kiew	–	5,000	–	–	5,000
Low Kee Hock	–	20,000	–	–	20,000
Lye Tuck Yew	–	40,000	–	–	40,000
Mohd Zaidi Bin Mohameddin	–	30,000	–	–	30,000
Muhammad Lutfi Bin Abdullah	–	20,000	–	–	20,000
Ngi Kuang Huei	–	30,000	–	–	30,000
Noor Hidhayati Binti Darwin	–	5,000	–	–	5,000
Nora Md Nor	–	5,000	–	–	5,000
Pauline Ng Siew Kheng	–	30,000	3,000	–	27,000
Ravichandran A/L Ramasamy	–	5,000	–	–	5,000
Rogayah Binti Mohd Zin	–	20,000	–	–	20,000
Saharuddin Bin Hj. Abdullah	–	20,000	–	–	20,000
Siti Nor Mahayu Binti M Yunus	–	5,000	–	5,000	–
So Kooi Mui	–	30,000	–	–	30,000
Soo Kok Eng	–	20,000	–	–	20,000

47. CBHB - ESOS (CONT'D)

	Option over ordinary shares of RM1-00 each				
	At 1 / 1 / 2007	Granted	Exercised	Lapsed	At 31 / 12 / 2007
Tan Kher Shin	–	20,000	6,000	–	14,000
Tan Kim Yong	–	50,000	–	–	50,000
Tan Sin Nei	–	30,000	–	–	30,000
Tan Tek Long	–	75,000	–	–	75,000
Tan Thai Guan	–	30,000	–	–	30,000
Tan Thian Leong	–	30,000	–	–	30,000
Tan Wai Hoo	–	30,000	–	–	30,000
Teo Jed Wei	–	30,000	–	–	30,000
Teo Sin Horng	–	75,000	22,500	52,500	–
Teh Hock Hua	–	75,000	–	–	75,000
Wan Foo Jing	–	30,000	–	–	30,000
Wan Haniza Binti Wan Ibrahim	–	20,000	–	–	20,000
Wang Luan Boo	–	100,000	–	–	100,000
Wong Bak Tai	–	30,000	9,000	–	21,000
Wong Lai Mui	–	30,000	–	–	30,000
Woo Woei Haur	–	30,000	–	30,000	–
Yap Chin Chon	–	100,000	30,000	–	70,000
Yeo Joon Hui	–	75,000	–	–	75,000
Yong Shang Ming	–	50,000	–	–	50,000
Yong Swan Jong	–	75,000	10,000	–	65,000
Yong Tiok Chin	–	75,000	–	–	75,000
Yong Tiok Keng	–	50,000	–	–	50,000
Yong Ching Khee	–	20,000	–	20,000	–
Za'Azlin Bin Abdul Maulud	–	75,000	–	–	75,000

List of Group Properties

Location	Tenure	Approx. Area / Built-up	Description	Year of Expiry	Net Book Value @ 31.12.07 (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	–	3,620,099	11	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	10	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	7	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	21	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	7	2002
No. 10-06, 12A-06, 13A-06, 19-06, 20-06, 22-06, 23-06, Scott Sentral, 28, Jalan Scott, Brickfields, KL	Freehold	8,204 sq ft	7 units of condominium	–	2,145,000	1	2007
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	7	2007

List of Group Properties *(Cont'd)*

Location	Tenure	Approx. Area / Built-up	Description	Year of Expiry	Net Book Value @ 31.12.07 (RM)	Approx. age of building (years)	Date of Valuation / Acquisition
The Crest, 3 Two Square, No. 2, Jalan 19/1, Petaling Jaya, 46300 Selangor Darul Ehsan	Leasehold	140,000 sq ft	16 storey office block & 1314 parking bays	2105	89,780,000	1	2007
GM 1059, Lot No.1863 Mukim Batu Daerah Kuala Lumpur	Freehold	2.33 acres	Cultivation Land	–	6,200,000	–	2004
Geran 30437 (Lot No. 13824) & Geran 30438 (Lor No. 13825) Mukim Damansara, Daerah Petaling Selangor Darul Ehsan	Freehold	36.8 acres	Residential / Commercial	–	22,354,982	–	2005

Analysis of Shareholdings

as at 12 May 2008

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 12 MAY 2008

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,380	30.04	118,181	0.10
100 to 1,000	3,016	38.07	1,227,070	0.99
1,001 to 10,000	1,900	23.98	8,470,667	6.83
10,001 to 100,000	533	6.73	17,053,928	13.74
100,001 to less than 5% of issued shares	91	1.15	46,963,496	37.85
5% and above of issued shares	2	0.03	50,256,108	40.50
Total	**7,922**	**100.00**	**124,089,450**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 12 MAY 2008

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

	Direct Interest		Indirect Interest	
Name	No. of Shares	%	No. of Shares	%
Yong Soon Chow	42,597,800	34.33%	11,610,808	9.36%
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 12 MAY 2008

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

No.	Name of Shareholders	No. of Shares	%
1	Yong Soon Chow	42,597,800	34.33
2	Yong Tiok Chin	7,658,308	6.17
3	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pertiwi Positif Sdn Bhd	5,000,000	4.03
4	Alliancegroup Nominees (Tempatan) Sdn Bhd 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 Pledged Securities Account for Takrif Jaya Sdn Bhd	2,869,900	2.31
7	Pertiwi Positif Sdn Bhd	1,807,939	1.46
8	Malaysia Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad	1,486,500	1.20
9	Lembaga Tabung Haji	1,451,800	1.17

Analysis of Shareholdings

as at 12 May 2008 (Cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 12 MAY 2008

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

No.	Name of Shareholders	No. of Shares	%
10	Malaysia Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad	1,342,500	1.08
11	HSBC Nominees (Asing) Sdn Bhd Exempt An For Morgan Stanley & Co. Incorporated	1,115,000	0.90
12	Capai Hasil Sdn Bhd	1,089,536	0.88
13	Malaysia Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad	900,400	0.73
14	Kon Kin Lip	900,000	0.73
15	Lim Shiu Ho	837,000	0.67
16	Kong Tiam	670,000	0.54
17	HSBC Nominees (Asing) Sdn Bhd Exempt An For Fortis Banque Luxembourg	580,000	0.47
18	AMMB Nominees (Tempatan) Sdn Bhd AmTrustee Berhad For Apex Dana Al-Sofi-I	572,000	0.46
19	SJ Sec Nominees (Asing) Sdn Bhd Pledged Securities A/C For Lim Beng Tiong	538,900	0.43
20	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hasmer Sham bin Abu Hassan	511,300	0.41
21	Malaysia Nominees (Tempatan) Sdn Bhd Overseas Assurance Corporation (Malaysia) Berhad	494,200	0.40
22	HSBC Nominees (Asing) Sdn Bhd TNTC For Ngee Ann Polytechnic	488,800	0.39
23	Ng Ming Kai	482,000	0.39
24	Ho Chu Chai	467,100	0.38
25	Lai Wooi Giap	460,000	0.37
26	Liew Siew Chin	421,400	0.34
27	Malaysian Assurance Alliance Berhad AS Beneficial Owner (Growth Fund)	417,500	0.34
28	Chai Yoon Fook	406,000	0.33
29	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Koo Kow Kiang @ Ko Keck Ting	401,000	0.32
30	AIBB Nominees (Asing) Sdn Bhd Pledged Securities Account For Lim Beng Tiong	392,000	0.32
		85,045,483	**68.54**

Analysis of Shareholdings

as at 12 May 2008 (Cont'd)

ANALYSIS BY SIZE OF WARRANTHOLDINGS (WARRANTS 2003/1013) AS AT 12 MAY 2008

Size of Holdings	No. of Warrant Holders	%	No. of Warrant Holders	%
Less than 100	68	8.52	2,649	0.01
100 to 1,000	275	34.46	224,635	0.94
1,001 to 10,000	280	35.09	1,591,250	6.63
10,001 to 100,000	149	18.67	4,661,700	19.42
100,001 to less than 5% of issued warrants	23	2.88	5,118,900	21.33
5% and above of issued warrants	3	0.38	12,399,916	51.67
Total	**798**	**100.00**	**23,999,050**	**100.00**

THIRTY LARGEST WARRANTHOLDERS AS AT 12 MAY 2008

(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	999,200	4.16
5	Takrif Jaya Sdn Bhd	890,000	3.71
6	Toh Eng Yee	300,000	1.25
7	Mak Ngia Ngia @ Mak Yoke Lum	256,400	1.07
8	Kee Hooi Seng	249,900	1.04
9	Mak Ngia Ngia @ Mak Yoke Lum	243,000	1.01
10	Lim Pek Chou	204,600	0.85
11	Capai Hasil Sdn Bhd	189,900	0.79
12	Tong See Wong	145,000	0.60
13	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kwong Keng Wai	140,000	0.58
14	RHB Nominees (Tempatan) Sdn Bhd RHB Investment Management Sdn Bhd For Lee Yuen Chak	130,000	0.54
15	Chong Nyen Thien	129,000	0.54
16	Liew Siew Chin	123,000	0.51
17	Yap Kow @ Yap Sang Kooi	121,000	0.50

Analysis of Shareholdings
as at 12 May 2008 (Cont'd)

THIRTY LARGEST WARRANTHOLDERS AS AT 12 MAY 2008
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Warrants	%
18	Ooi Oon Seong	120,000	0.50
19	Cheok Ken Chai	118,000	0.49
20	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Seow Yoke Hock	117,000	0.49
21	Chew Chin Swee	116,900	0.49
22	How Beik Tin	110,300	0.46
23	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mun Mee Fong	108,000	0.45
24	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Lian Khai	106,000	0.44
25	Mayban Nominees (Asing) Sdn Bhd Pledged Securities Account For Liew Moi Wah	101,200	0.42
26	Looi Wai Chong	100,500	0.42
27	Leong Chon Loong	100,000	0.42
28	Yu Chok Tow	100,000	0.42
29	Kang Kin Ngai	100,000	0.42
30	Sim Choon Seng	100,000	0.42
		17,918,816	**74.66**

Analysis of Shareholdings

as at 12 May 2008 (Cont'd)

STATEMENT OF DIRECTORS' INTERESTS IN SHARES AND WARRANTS IN THE COMPANY AS AT 12 MAY 2008

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	49%
Yong Soon Chow	42,597,800	34.33%	11,610,808	36%
Koh Hua Lan	3,945,500	3.18%	–	–
Lee Sooi Teng	200,000	0.16%	12,000	0.01%
Loo Shen Chang (resigned w.e.f. 31 January 2008)	–	–	–	–
Yong Shang Ming	–	–	–	–
Keong Choon Keat	20,000	0.02%	30,000	0.02%
Mohd Khasan bin Ahmad	–	–	–	–
Kam Yong Kan	30,000	0.02%	–	–

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%	–	–
Loo Shen Chang (resigned w.e.f. 31 January 2008)	–	–	–	–
Yong Shang Ming	–	–	–	–
Keong Choon Keat	–	–	–	–
Mohd Khasan bin Ahmad	–	–	–	–
Kam Yong Kan	–	–	–	–

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 6th Annual General Meeting of the Company, to be held at Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 17th June, 2008 at 9:30 a.m. or at any adjournment thereof.

Ordinary business	**For**	**Against**
1. Receive and adopt the duly audited accounts for the financial year ended 31 December 2007.		
2. To declare a final dividend of 7% less 26% tax for the financial year ended 31 December 2007.		
3. To re-elect the Managing Director • Yong Soon Chow		
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 re-elect the Executive Director • Yong Shang Ming		
7. To appoint Messrs GEP Associates (AF1030), Chartered Accountants, as auditors for the ensuing financial year ending 31 December 2008 and authorise the fixing of their remuneration by directors.		
Special business	**For**	**Against**
8. To approve payment of directors' remunerations for the year ended 31 December 2007 in accordance with Article 88 of the Company's Articles of Association.		
9. 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		
10. 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		

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 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 account.*
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 an 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 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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