

**LEBTECH BERHAD**  
Company No: 590945-H  
(Incorporated in Malaysia)

Reports and Financial Statements  
For The Financial Year Ended 31 December 2014

(Company No. 590945-H)

**LEBTECH BERHAD**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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(Company No. 590945-H)

**LEBTECH BERHAD**  
(Incorporated in Malaysia)

**CORPORATE INFORMATION**

Board of Directors : Tan Sri Datuk Adzmi bin Abdul Wahab  
Norazmi bin Mohamed Nurdin  
Dato' Nik Ismail bin Dato' Nik Yusoff  
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin  
Hazli bin Ibrahim  
Dato' Noorazhar bin Mohamed Nurdin

Company Secretary : Nor Shazila binti Mohd Sawai (MACS 01552)

Registered Office and Principal Place of Business : Wisma Lebar Daun  
No.2, Jalan Tengku Ampuan Zabedah J9/J  
Seksyen 9, 40000 Shah Alam  
Selangor Darul Ehsan

Auditors : Afrizan Tarmili Khairul Azhar (AF:1300)  
2, Jalan Rampai Niaga 2  
Rampai Business Park  
53300 Kuala Lumpur

Principal Bank : CIMB Bank Berhad

(Company No. 590945-H)

**LEBTECH BERHAD**  
(Incorporated in Malaysia)

## **DIRECTORS' REPORT**

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2014.

## **PRINCIPAL ACTIVITIES**

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in note 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## **FINANCIAL RESULTS**

	<b>Group RM</b>	<b>Company RM</b>
Profit/(Loss) for the year	<u>5,547,269</u>	<u>(287,402)</u>
Profit/(Loss) attributable to: Owners of the Company	<u>5,547,269</u>	<u>(287,402)</u>

## **RESERVES AND PROVISIONS**

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

## **DIVIDENDS**

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the financial year.

## **DIRECTORS OF THE COMPANY**

Directors who served since the date of the last report are:

Tan Sri Datuk Adzmi bin Abdul Wahab  
Norazmi bin Mohamed Nurdin  
Dato' Nik Ismail bin Dato' Nik Yusoff  
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin  
Hazli bin Ibrahim  
Dato' Noorazhar bin Mohamed Nurdin

**LEBTECH BERHAD**  
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**DIRECTORS' INTERESTS**

The interest and deemed interest in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			At 31.12.2014
	At 1.1.2014	Bought	Sold	
<b>Shareholdings in which Directors have direct interest</b>				
Norazmi bin Mohamed Nurdin	5,016,000	-	-	5,016,000
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	62,817,000	-	-	62,817,000
Hazli bin Ibrahim	554,400	-	-	554,400
Dato' Noorazhar bin Mohamed Nurdin	254,800	-	-	254,800
<b>Shareholdings in which Directors have deemed interests</b>				
Norazmi bin Mohamed Nurdin	81,142,800	-	-	81,142,800
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	23,341,800	-	-	23,341,800
Hazli bin Ibrahim	157,000	-	-	157,000

By virtue of their interests in the shares of the Company, Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin, Hazli bin Ibrahim and Dato' Noorazhar bin Mohamed Nurdin are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Lebttech Berhad has an interest.

None of the other Directors holding office at 31 December 2014 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as 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 26 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**LEBTECH BERHAD**  
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**ISSUE OF SHARES AND DEBENTURES**

There were no changes in the issued and paid-up capital of the Company during the financial year.

**OTHER STATUTORY INFORMATION**

Before the statements of financial position and statements of profit and loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 were not substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

(Company No. 590945-H)

**LEBTECH BERHAD**  
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**AUDITORS**

The auditors, Messrs Afrizan Tarmili Khairul Azhar, have indicated their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

  
NORAZMI BIN MOHAMED NURDIN

  
DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

Shah Alam, Malaysia

Date: 24 APR 2015

(Company No. 590945-H)

**LEBTECH BERHAD**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS  
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, NORAZMI BIN MOHAMED NURDIN and DATO' NIK ISMAIL BIN DATO' NIK YUSOFF being two of the Directors of LEBTECH BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 10 to 55 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended on that date.

The supplementary information set out in the financial statements on page 56 have been prepared in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

  
NORAZMI BIN MOHAMED NURDIN

  
DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

Shah Alam, Selangor

Date: 24 APR 2015



(Company No. 590945-H)

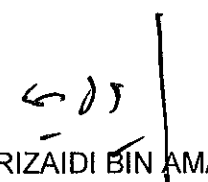
**LEBTECH BERHAD**  
(Incorporated in Malaysia)

**STATUTORY DECLARATION**

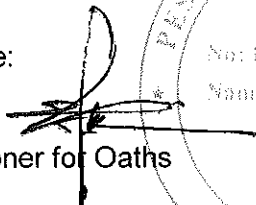
**PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, ADDY RIZAI BIN AMAT TOSIRIM, the officer primarily responsible for the financial management of Lebttech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 10 to 55 and the supplementary information set out on page 56 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 the above named ADDY RIZAI }  
BIN AMAT TOSIRIM at Shah Alam }  
in Selangor on **24 APR 2015** }

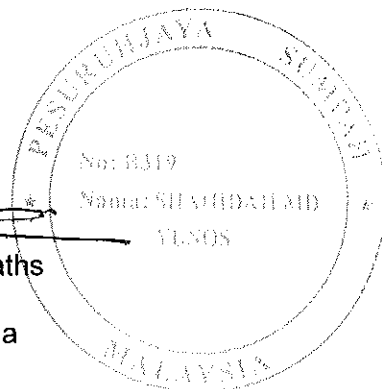
  
ADDY RIZAI BIN AMAT TOSIRIM

Before me:



Commissioner for Oaths

Shah Alam, Malaysia



No. 7-1F  
Jln. Baling Padang G 137C,  
Seksyen 13 40100 Shah Alam  
Selangor

# aftaas

AFRIZAN TARMILI KHAIRUL AZHAR  
Chartered Accountants AF1300

www.aftaas.com

Aftaas, 2, Jalan Rampai Niaga 2, Rampai Business Park, 53300 Kuala Lumpur

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☎ (603) 4142 9330

✉ aftaas@aftaas.com

Company No. : 590945-H

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEBTECH BERHAD

### Report on the Financial Statements

We have audited the financial statements of Lebttech Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 55.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error or fraud.

#### *Auditors' Responsibility*

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

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

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in according with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

#### Branch Offices :

##### • Shah Alam

4-04-2, Presint Alami  
Pusat Perniagaan Worldwide 2  
Seksyen 13  
40100 Shah Alam, Selangor  
Telephone : (603) 5518 1300  
Facsimile : (603) 5518 2300  
Email : aftaas.shahalam@aftaas.com

##### • Ipoh

825A, Medan Istana 2  
Bandar Ipoh Raya  
30000 Ipoh, Perak  
Telephone : (605) 242 7179  
Facsimile : (605) 243 7179  
Email : aftaas.ipoh@aftaas.com

##### • Kuantan

B42, Lorong Tun Ismail 8  
Sri Dagangan 2  
25000 Kuantan, Pahang  
Telephone : (609) 517 8388  
Facsimile : (609) 515 8098  
Email : aftaas.kuantan@aftaas.com

##### • Kota Bharu

Lot 2732A, Wisma Haminah  
Jalan To' Kenali, Kubang Kerian  
16150 Kota Bharu, Kelantan  
Telephone : (609) 766 7440  
Facsimile : (609) 766 7441  
Email : aftaas.kb@aftaas.com

Company No. : 590945-H

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEBTECH BERHAD (CONTINUED)

### Report on Other Legal and Regulatory Requirements

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

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) we are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) the audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Reporting Responsibilities

The supplementary information set out on page 57 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirement, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.


### Other Matters

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

  
AFFIZAN TARMILI KHAIRUL AZHAR  
AF 300  
Chartered Accountants

Shah Alam, Malaysia

Date: 24 APR 2015

  
MOHD AFRIZAN HUSAIN  
Chartered Accountant (M)  
1805/11/16 (J/PH)  
Partner

**LEBTECH BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Non-current assets</b>					
Property, plant and equipment	5	3,116,071	3,311,680	-	1
Intangible assets	6	11,803,642	11,803,642	-	-
Investment properties	7	480,000	495,000	-	-
Investment in subsidiaries	8	-	-	74,500,002	74,500,002
Deferred tax assets	9	3,299,000	4,043,000	-	-
<b>Total non-current assets</b>		<b>18,698,713</b>	<b>19,653,322</b>	<b>74,500,002</b>	<b>74,500,003</b>
<b>Current assets</b>					
Trade and other receivables	10	166,943,437	179,238,939	2,537,238	2,816,385
Cash and cash equivalents	11	1,386,138	1,393,528	5,501	13,755
<b>Total current assets</b>		<b>168,329,575</b>	<b>180,632,467</b>	<b>2,542,739</b>	<b>2,830,140</b>
<b>Total assets</b>		<b>187,028,288</b>	<b>200,285,789</b>	<b>77,042,741</b>	<b>77,330,143</b>
<b>Equity</b>					
Share capital	12	68,241,838	68,241,838	68,241,838	68,241,838
Reserves	12	10,477,946	10,477,946	10,477,946	10,477,946
Retained earnings/ (Accumulated losses)	12	52,906,746	47,359,477	(1,848,475)	(1,561,073)
<b>Total equity</b>		<b>131,626,530</b>	<b>126,079,261</b>	<b>76,871,309</b>	<b>77,158,711</b>
<b>Current liabilities</b>					
Deferred income	14	838,330	5,883,524	-	-
Trade and other payables	15	47,075,744	60,930,241	171,432	171,432
Current tax liabilities		2,165,394	2,836,021	-	-
Loans and borrowings	13	5,322,290	4,556,742	-	-
<b>Total current liabilities</b>		<b>55,401,758</b>	<b>74,206,528</b>	<b>171,432</b>	<b>171,432</b>
<b>Total equity and liabilities</b>		<b>187,028,288</b>	<b>200,285,789</b>	<b>77,042,741</b>	<b>77,330,143</b>

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

**LEBTECH BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	16	78,331,932	124,863,186	-	-
Cost of sales		(70,166,183)	(113,360,514)	-	-
<b>Gross profit</b>		<b>8,165,749</b>	<b>11,502,672</b>	<b>-</b>	<b>-</b>
Other income		4,614,747	8,002,685	14,079	59
Administrative expenses		(4,855,646)	(4,857,900)	(301,465)	(263,139)
<b>Results from operating activities</b>		<b>7,924,850</b>	<b>14,647,457</b>	<b>(287,386)</b>	<b>(263,080)</b>
Finance costs		(386,200)	(440,283)	-	-
<b>Profit/(Loss) before tax</b>	17	<b>7,538,650</b>	<b>14,207,174</b>	<b>(287,386)</b>	<b>(263,080)</b>
Income tax expense	18	(1,991,381)	(3,321,941)	(16)	-
<b>Profit/(Loss) for the year attributable to owners of the Company</b>		<b>5,547,269</b>	<b>10,885,233</b>	<b>(287,402)</b>	<b>(263,080)</b>
<b>Other comprehensive expense, net of tax</b>					
Gain on fair value changes for available-for-sale financial assets		-	1,005,185	-	-
<b>Total comprehensive income/(loss) for the year attributable to owners of the Company</b>		<b>5,547,269</b>	<b>11,890,418</b>	<b>(287,402)</b>	<b>(263,080)</b>
<b>Basic earnings per ordinary share (sen) attributable to owners of the Company</b>	19	<b>4.06</b>	<b>7.97</b>		

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

(Company No. 590945-H)

**LEBTECH BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

Group	Non-distributable			Distributable	
	Share capital RM	Fair value reserve RM	Share premium RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
<b>At 1 January 2013</b>	68,241,838	(1,005,185)	10,477,946	36,474,244	114,188,843
Total comprehensive income for the year	-	1,005,185	-	10,885,233	11,890,418
<b>At 31 December 2013 / 1 January 2014</b>	<b>68,241,838</b>	<b>-</b>	<b>10,477,946</b>	<b>47,359,477</b>	<b>126,079,261</b>
Total comprehensive income for the year	-	-	-	5,547,269	5,547,269
<b>At 31 December 2014</b>	<b>68,241,838</b>	<b>-</b>	<b>10,477,946</b>	<b>52,906,746</b>	<b>131,626,530</b>

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

(Company No. 590945-H)

**LEBTECH BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

Company	Non-distributable			Distributable	
	Share capital RM	Fair value reserve RM	Share premium RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
At 1 January 2013	68,241,838	-	10,477,946	(1,297,993)	77,421,791
Loss for the year	-	-	-	(263,080)	(263,080)
At 31 December 2013 / 1 January 2014	68,241,838	-	10,477,946	(1,561,073)	77,158,711
Loss for the year	-	-	-	(287,402)	(287,402)
At 31 December 2014	68,241,838	-	10,477,946	(1,848,475)	76,871,309

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

**LEBTECH BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Cash flows from operating activities</b>					
Profit/(Loss) before tax		<b>7,538,650</b>	14,207,174	<b>(287,386)</b>	(263,080)
<i>Adjustment for:</i>					
Depreciation of property, plant and equipment	5	<b>239,741</b>	245,812	-	-
Depreciation of investment properties	7	<b>15,000</b>	15,000	-	-
Dividend income		-	(98,252)	-	-
Finance costs		<b>386,200</b>	440,283	-	-
Gain on disposal of investment in quoted shares		-	(1,948,046)	-	-
Interest income		<b>(40,128)</b>	(38,232)	-	-
(Gain)/Loss on disposal of property, plant and equipment		<b>(13,999)</b>	35	<b>(13,999)</b>	-
Reversal of impairment loss on receivables		<b>(2,989,704)</b>	(1,338,296)	-	-
Reversal of trade payables		<b>(1,336,765)</b>	(4,355,480)	-	-
<b>Operating profit/(loss) before changes in working capital</b>		<b>3,798,995</b>	7,129,998	<b>(301,385)</b>	(263,080)
Trade and other payables		<b>(12,554,556)</b>	23,067,364	-	(29,568)
Trade and other receivables		<b>10,240,010</b>	(31,597,888)	-	210
<b>Cash flows generated from/ (used in) operations</b>		<b>1,484,449</b>	(1,400,526)	<b>(301,385)</b>	(292,438)
Interest received		<b>40,128</b>	38,232	-	-
Interest paid		<b>(386,200)</b>	(440,283)	-	-
Tax paid		<b>(1,918,007)</b>	(873,052)	<b>(16)</b>	-
<b>Net cash flows used in operating activities</b>		<b>(779,630)</b>	(2,675,629)	<b>(301,401)</b>	(292,438)

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



**LEBTECH BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment		(44,133)	(140,270)	-	-
Advance to related companies		36,825	39,037	-	-
Dividend received		-	98,252	-	-
Proceeds from disposal of available-for-sale investment		-	5,067,149	-	-
Proceeds from disposal of property, plant and equipment		14,000	-	14,000	-
Repayment to subsidiaries		-	-	279,147	302,254
<b>Net cash flow from investing activities</b>		<b>6,692</b>	<b>5,064,168</b>	<b>293,147</b>	<b>302,254</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings		(723,000)	(445,000)	-	-
Repayment of hire purchase		(53,284)	(102,627)	-	-
Increase in pledged deposits		(40,107)	(38,100)	-	-
<b>Net cash flow used in financing activities</b>		<b>(816,391)</b>	<b>(585,727)</b>	<b>-</b>	<b>-</b>
Net (decrease)/increase in cash and cash equivalents		(1,589,329)	1,802,812	(8,254)	9,816
Cash and cash equivalents at 1 January		(2,227,610)	(4,030,422)	13,755	3,939
<b>Cash and cash equivalents at 31 December</b>	11	<b>(3,816,939)</b>	<b>(2,227,610)</b>	<b>5,501</b>	<b>13,755</b>

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

**LEBTECH BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**1. CORPORATE INFORMATION**

Lebtech Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its principal place of business and registered office of the Company is as follows:

Wisma Lebar Daun  
No 2, Jalan Tengku Ampuan Zabedah J9/J  
Seksyen 9, 40000 Shah Alam  
Selangor Darul Ehsan

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in note 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 April 2015.

**2. BASIS OF PREPARATION**

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in the respective significant accounting policies.

These financial statements are presented in Ringgit Malaysia.

**Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 6 - measurement of the recoverable amounts of intangible assets
- Note 7 - valuation of investment properties
- Note 9 - recognition of deferred tax assets/liabilities

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**3. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company.

**Application of new and revised Malaysian Financial Reporting Standards**

The new standards, amendments and improvements to published standards that are effective for the Company's financial year beginning on or after 1 January 2014 are as follows:

		<b>Effective for financial periods beginning in or after</b>
<b>New MFRSs</b>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue From Contracts With Customers	1 January 2017
<b>Amendments/Improvements to MFRSs</b>		
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Assets held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2014 and 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 116	Property, Plant and Equipment	1 July 2014 and 1 January 2016
MFRS 119	Employee Benefits	1 July 2014 and 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Consolidated and Separate Financial Statements	1 January 2014 and 1 January 2016
MFRS 128	Investments in Associate	1 January 2016
MFRS 134	Interim Financial Reporting	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2014
MFRS 136	Impairment of Assets	1 January 2014
MFRS 138	Intangible Assets	1 July 2014 and 1 January 2016

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

		<b>Effective for financial periods beginning in or after</b>
<b>Amendments/Improvements to MFRSs (continued)</b>		
MFRS 139	Financial Instruments: Recognition and Measurements	1 January 2014
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016
<b>New IC Int</b>		
IC Int 21	Levies	1 January 2014

The directors anticipate that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under MFRS 15, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of MFRS 15 and revenue recognition should depict the transfer of promised goods and services to customers in an amount that reflect the consideration the entity expects to be entitled in exchange for those goods and services.

MFRS 15 introduces a prescriptive guidance using a five step approach in recognition and measurement of revenue with an extensive disclosure requirement.

**MFRS 9 Financial Instruments**

MFRS 9 introduces limited amendments to the classification and measurement requirement of financial instruments by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. It also adds the impairment requirement relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit. MFRS 9 also introduces greater flexibility to the types of transactions eligible for hedge accounting.

**Amendments to MFRS 5**

The amendments to MFRS 5 requires an entity to cease classifying an asset or disposal group as held for distribution to owners if the criteria for such classification is no longer met. It also provides prescription on the accounting for reclassification of asset held for sale (or disposal group) to being held for distribution to owners and vice versa.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

**Amendments/Improvements to MFRSs (continued)**

Amendments to MFRS 7

The amendments to MFRS 7 provides prescription in determining continuing involvement of an entity in relation to a transferred financial asset. It requires a disclosure on the involvement of the entity on the transferred financial asset if the amount and timing of cash flows that arises from a servicing fee is dependent on the performance of the transferred financial asset.

Amendments to MFRS 116

The amendments to MFRS 116 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment.

Amendments to MFRS 119

The amendments to MFRS 119 provides clarification on the government bonds to be used in determining the discount rate for actuarial assumptions for currencies where there is no deep market for high quality corporate bonds.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities, other than those disclosed in note 4(b) - Financial Instruments.

**(a) Basis of consolidation**

**(i) Subsidiaries**

The consolidated financial statements comprised the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Subsidiaries are entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting, except for business combinations arising from common control transfer.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Basis of consolidation (continued)**

**(i) Subsidiaries (continued)**

The consideration transferred for the acquisition of subsidiary is the fair values of the asset transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any controlling interest in the acquiree on the acquisition-by-acquisition basis, either at the fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Subsidiaries are fully consolidated from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's separate financial statements balance sheet at cost less accumulated impairment losses, if any. On the disposal of such investments, the difference between net disposal proceeds and their carrying amounts are included in profit and loss.

**(ii) Transactions eliminated on consolidation**

All intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in full.

**(b) Financial instruments**

Financial instruments are categorised and measured using accounting policies as mentioned below.

**(i) Initial recognition and measurement**

A financial instrument is recognised in the statements of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Financial instruments (continued)**

**(ii) Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

***Financial assets***

**(a) *Loans and receivables***

Loans and receivables category comprises trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

**(b) *Available-for-sale financial assets***

Available for sale financial assets category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, which is recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets are subject to review for impairment losses (see note 4(k)(i)).

***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Financial instruments (continued)**

**(iii) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

**(iv) Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date

**(v) Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Property, plant and equipment**

**(i) Recognition and measurement**

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

**(ii) Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation and impairment**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is depreciated on a straight line method using the same rate of the freehold building due to the freehold land cost on which the building is located cannot be segregated.

The estimated useful lives for the current and comparative periods are as follows:

- |                                |                |
|--------------------------------|----------------|
| • leasehold land and buildings | 50 years       |
| • plant and equipment          | 2.5 - 10 years |
| • fixtures and fittings        | 8 - 10 years   |
| • motor vehicles               | 5 years        |

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Property, plant and equipment (continued)**

**(iii) Depreciation and impairment (continued)**

Depreciation methods, useful lives and residual values are reassessed at each financial year-end and adjusted prospectively, if appropriate.

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Likewise, when the conditions for impairment no longer exist after considering indications from both external and internal sources, a write-back on the asset values will be performed. The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus.

**(iv) Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss.

**(d) Intangible assets**

**(i) Goodwill**

Goodwill arises on business combinations are measured at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Intangible assets (continued)**

**(i) Goodwill (continued)**

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

**(ii) Impairment**

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve. Impairment is recognised immediately as expenses and is not subsequently reversed.

**(e) Investment properties**

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

**Investment property carried at cost**

Investment properties are stated at cost less any accumulated depreciation consistent with the accounting policy for property, plant and equipment as stated in accounting policy note 4(c).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of fifty (50) years for buildings.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Investment properties (continued)**

**Investment property carried at cost (continued)**

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in profit or loss.

Property is subject to impairment review whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus.

**(f) Leased assets**

**Leases**

Lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

**Operating leases**

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period. Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in profit or loss when incurred.

**Finance lease**

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition of the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs to make the sale.

**(h) Receivables**

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with note 4(b).

**(i) Constructions work-in-progress**

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables in the statements of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statements of financial position.

**(j) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flow, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy note 4(b).

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Impairment**

**(i) Financial assets**

All financial assets (except investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

**(ii) Other assets**

The carrying amounts of other assets (except for inventories, assets arising from construction contract and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Impairment (continued)**

**(ii) Other assets (continued)**

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

**(l) Employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(m) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as financing cost.

***Contingent liabilities***

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

**(n) Revenue**

**(i) Construction contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

**(ii) Goods sold**

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.



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**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(o) Other income**

**(i) Rental income**

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

**(ii) Dividend income**

Dividend income is recognised in profit or loss on the date that the Company has the right to receive payment is established.

**(iii) Interest income**

Interest income is recognised on accrual basis, using the effective interest method in profit or loss.

**(p) Borrowing costs**

Borrowings costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Before 1 January 2010, all borrowing costs were recognised in profit or loss using the effective interest method in the period in which they are incurred.

Following the adoption of revised MFRS 123, *Borrowing Costs*, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

**(q) Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(q) Income tax expense (continued)**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(r) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

**(s) Operating segments**

In the previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of MFRS 8, *Operating Segments*, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**(t) Share capital**

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise they are charged to the profit or loss. Dividends to shareholders are recognised in equity in the period in which they are declared and approved.

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**5. PROPERTY, PLANT AND EQUIPMENT**

Group	Leasehold	Motor	Plant,	Fixtures,	Total
	land and	vehicles	machinery,	fittings and	
	buildings		office and tele-	renovation	
	RM	RM	communication	RM	RM
			equipment		
<b>Cost</b>					
At 1 January 2013	3,566,005	2,762,566	1,067,723	260,290	7,656,584
Additions	-	-	140,270	-	140,270
Disposals	-	-	(142,119)	-	(142,119)
At 31 December 2013/ 1 January 2014	3,566,005	2,762,566	1,065,874	260,290	7,654,735
Additions	-	4,771	29,837	9,525	44,133
Disposal	-	(103,017)	-	-	(103,017)
At 31 December 2014	3,566,005	2,664,320	1,095,711	269,815	7,595,851
<b>Accumulated depreciation</b>					
At 1 January 2013	641,880	2,382,515	971,338	243,594	4,239,327
Depreciation	71,320	126,590	41,353	6,549	245,812
Disposals	-	-	(142,084)	-	(142,084)
At 31 December 2013/ 1 January 2014	713,200	2,509,105	870,607	250,143	4,343,055
Depreciation	71,320	127,227	34,916	6,278	239,741
Disposal	-	(103,016)	-	-	(103,016)
At 31 December 2014	784,520	2,533,316	905,523	256,421	4,479,780
<b>Carrying amounts</b>					
At 31 December 2013	2,852,805	253,461	195,267	10,147	3,311,680
At 31 December 2014	2,781,485	131,004	190,188	13,394	3,116,071

Company	Motor vehicles
	RM
<b>Cost</b>	
At 31 December 2013/1 January 2014	103,017
Disposal	(103,017)
At 31 December 2014	-

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**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>Company</b>	<b>Motor vehicles</b>
	<b>RM</b>
<b><i>Accumulated Depreciation</i></b>	
At 31 December 2013/1 January 2014	103,016
Disposal	(103,016)
At 31 December 2014	<u>-</u>
<b><i>Carrying amounts</i></b>	
At 31 December 2013	<u>1</u>
At 31 December 2014	<u>-</u>

***Motor vehicle acquired on hire purchase***

At 31 December 2014, the Group and the Company has motor vehicle acquired by means of hire purchase agreement with carrying value of RM122,200 (2013: RM208,459) and RM Nil (2013: RM1) respectively. The motor vehicle is registered under the name of a director via trust deeds.

***Leasehold land and building***

The carrying value of the leasehold land and building have not been segregated from the cost and carrying amounts as the information required is not available.

**6. INTANGIBLE ASSETS**

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
Goodwill	<u>11,803,642</u>	<u>11,803,642</u>

The recoverable amount of the investment in a subsidiary was based on its value in use and the recoverable amount is higher than the carrying amount of this intangible asset. There is no impairment loss recognised during the year.

Value in use was determined by discounting the future cash flows generated from the continuing use of the investment in a subsidiary was based on the following key assumptions:

- Cash flows were projected based on actual operating results and the 5-year business plan.
- The subsidiary will continue its operation indefinitely.
- The size of operation will remain with at least or not lower than the current results.
- The discount rate used was the weighted average cost of capital rate for the Group at 10.96%.

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**6. INTANGIBLE ASSETS (CONTINUED)**

The key assumptions represent management's assessment of future trends in the construction industry and are based on both external sources and internal sources (historical data).

The above estimates are particularly sensitive in the following areas:

- An increase of 1 percentage point in the discount rate used would have no impact in impairment of goodwill.
- A 10 percent decrease in future planned revenues would have no impact on the impairment of goodwill.

**7. INVESTMENT PROPERTIES**

<b>Group</b>	<b>Freehold land and building RM</b>
<b>Cost</b>	
At 31 December 2013/1 January 2014/31 December 2014	<u>750,000</u>
<b>Accumulated depreciation</b>	
At 31 December 2013/1 January 2014	255,000
Depreciation for the year	<u>15,000</u>
At 31 December 2014	<u>270,000</u>
<b>Carrying amounts</b>	
At 31 December 2013	<u>495,000</u>
At 31 December 2014	<u>480,000</u>
<b>Fair value</b>	
At 31 December 2013/1 January 2014/31 December 2014	<u>1,860,000</u>

The carrying value of the freehold land and building have not been segregated from the cost and carrying amounts as the information required is not available.

The valuation of investment property was prepared by a qualified external valuer by using a comparative method of valuation. The desktop valuation was performed on 12 January 2011 by external valuer. The Directors are of the opinion that the value of the property does not vary significantly than the last valuation.

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**7. INVESTMENT PROPERTIES (CONTINUED)**

The following are recognised in the statement of comprehensive income in respect of investment properties:

	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
Direct operating expenses	<u>5,510</u>	<u>6,700</u>

Investment properties are located in Malaysia and comprise:

<b>Property</b>	<b>Title</b>	<b>Approximate net lettable area</b>
Lot 9024, Lot 9026 & Lot 9028 At Jalan Mahang 1, Taman Meru Utama, Klang	Freehold	Land – 468 sq meter Building – 1,809 sq meter

**Security**

At 31 December 2014, the properties are pledged to a licensed bank to secure banking facilities granted to the Group (see note 13).

**8. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
At cost:		
Unquoted shares	<b>74,700,002</b>	74,700,002
Direct operating expenses	<b>(200,000)</b>	(200,000)
	<u><b>74,500,002</b></u>	<u>74,500,002</u>

Details of the subsidiaries are as follows:

<b>Name of subsidiaries</b>	<b>Country of incorporation</b>	<b>Principal activities</b>	<b>Effective ownership interest</b>	
			<b>2014</b>	<b>2013</b>
			<b>%</b>	<b>%</b>
Lebtech Construction Sdn. Bhd.	Malaysia	Civil and building construction	<b>100</b>	100
Lebtech Energy Sdn. Bhd.	Malaysia	Trading and services	<b>100</b>	100
Paksi Aman Sdn. Bhd.	Malaysia	Dormant	<b>100</b>	100

\*All subsidiaries are audited by Afrizan Tarmili Khairul Azhar.

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**9. DEFERRED TAX ASSETS**

**Recognised deferred tax assets**

Deferred tax assets are attributable to the following:

Group	Assets		Liabilities		Net	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Property, plant and equipment	-	-	(48,600)	(52,344)	(48,600)	(52,344)
Provisions	<b>3,347,600</b>	4,095,344	-	-	<b>3,347,600</b>	4,095,344
Net tax assets	<b>3,347,600</b>	4,095,344	<b>(48,600)</b>	(52,344)	<b>3,299,000</b>	4,043,000

Movement in temporary differences during the year

Group	At 1.1.2013	Recognised in income statement (note 18)	At 31.12.2013 / 1.1.2014	Recognised in income statement (note 18)	At 31.12.2014
	RM	RM	RM	RM	RM
Property, plant and equipment	(43,895)	(8,449)	(52,344)	3,744	(48,600)
Provisions	4,516,123	(420,779)	4,095,344	(747,744)	3,347,600
Net tax assets	4,472,228	(429,228)	4,043,000	(744,000)	3,299,000

**10. TRADE AND OTHER RECEIVABLES**

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Trade</b>					
Trade receivables	a	<b>1,742,400</b>	2,494,328	-	-
Amount due from contract customers	b	<b>12,330,316</b>	6,434,210	-	-
Amount due from related parties	c	<b>150,939,920</b>	167,263,422	-	-
		<b>165,012,636</b>	176,191,960	-	-

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**10. TRADE AND OTHER RECEIVABLES (CONTINUED)**

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Non-trade</b>					
Amount due from subsidiaries	d	-	-	2,537,238	2,816,385
Other receivables		1,771,395	2,824,356	-	-
Deposits		147,842	209,012	-	-
Prepayments		11,564	13,611	-	-
		<u>1,930,801</u>	<u>3,046,979</u>	<u>2,537,238</u>	<u>2,816,385</u>
		<u>166,943,437</u>	<u>179,238,939</u>	<u>2,537,238</u>	<u>2,816,385</u>

**Note a**

Included in trade receivables of the Group at 31 December 2014 are retention sums of RM1,742,400 (2013: RM1,742,400) relating to amount due from contract customers.

The Group's credit policy provides trade receivable with credit period of up to 60 days (2013: 60 days). Significant credit and recovery risks associated with receivable have been provided for in the financial statement.

The ageing of receivables as at the end of the reporting period is disclosed in note 22.4.

**Note b**

**Amount due from contract customers**

	Note	Group	
		2014 RM	2013 RM
Aggregate costs incurred to-date		707,460,700	637,329,184
Add: Attributable profits		92,140,280	83,939,863
		<u>799,600,980</u>	<u>721,269,047</u>
Less: Progress billings		(788,108,994)	(720,718,361)
		<u>11,491,986</u>	<u>550,686</u>
Deferred income	14	838,330	5,883,524
		<u>12,330,316</u>	<u>6,434,210</u>



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**10. TRADE AND OTHER RECEIVABLES (CONTINUED)**

**Note c**

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
Amount due from related companies (Gross)	<b>163,330,448</b>	182,643,657
Less: Impairment losses	<b>(12,390,528)</b>	(15,380,235)
Amount due from related companies (Net)	<b><u>150,939,920</u></b>	<u>167,263,422</u>

The trade amounts due from related parties are progress billings receivable. The amounts are unsecured and subject to the normal trade terms. Included in progress billings receivable at 31 December 2014 are retention sums of RM41,237,437 (2013: RM39,153,066) relating to amount due from contract customers.

**Note d**

Amount due from subsidiaries are unsecured, interest-free and repayable on demand.

**11. CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Deposit placed with licensed banks	<b>1,330,787</b>	1,290,680	-	-
Cash and bank balances	<b>55,351</b>	102,848	<b>5,501</b>	13,755
	<b>1,386,138</b>	1,393,528	<b>5,501</b>	13,755
Less:				
Bank overdraft repayable on Demand (Note 13)	<b>(3,872,290)</b>	(2,330,458)	-	-
Deposit pledged	<b>(1,330,787)</b>	(1,290,680)	-	-
	<b><u>(3,816,939)</u></b>	<u>(2,227,610)</u>	<b>5,501</b>	13,755

**Deposits placed with licensed banks pledged for bank facilities**

Included in the deposits placed with licensed banks are RM1,304,507 (2013: RM1,265,207) pledged for bank facilities and RM26,280 (2013: RM25,473) pledged as collateral for bank facilities granted to third parties and disclosed in note 13.

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**12. CAPITAL AND RESERVES**

	2014 RM	2013 RM
<b>Group and Company</b>		
<b>Share capital</b>		
Authorised: 500,000,000 Ordinary shares of RM0.50 each	<u>250,000,000</u>	<u>250,000,000</u>
Issued and fully paid: 136,483,676 Ordinary shares of RM0.50 each	<u>68,241,838</u>	<u>68,241,838</u>
<b>Group</b>		
<b>Reserves</b>		
Share premium reserves	<u>10,477,946</u>	<u>10,477,946</u>
Retained earnings	<u>52,906,746</u>	<u>47,359,477</u>
<b>Company</b>		
<b>Reserves</b>		
Share premium reserves	<u>10,477,946</u>	<u>10,477,946</u>
Accumulated losses	<u>(1,848,475)</u>	<u>(1,561,073)</u>

Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank all of its distributable reserves at 31 December 2013 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

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**13. LOANS AND BORROWINGS**

This note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings. For more information about the Group's and the Company's exposure to interest rate, see note 22.

	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
<b>Current</b>		
Bankers' acceptance	<b>1,450,000</b>	2,173,000
Finance lease liabilities	-	53,284
Bank overdraft (Note 11)	<b>3,872,290</b>	2,330,458
	<b><u>5,322,290</u></b>	<b><u>4,556,742</u></b>

The first bank overdraft amounting to RM2,375,320 (2013: RM830,816) bears interest at 1.75% to 3.50% (2013: 1.75% to 3.50%) per annum above the bank's Base Lending Rate and is secured by the followings:

- a) third party first legal charge of RM2,500,000 over properties owned by a Director;
- b) corporate guarantee for RM2,900,000 by the Company; and
- c) registered charge over fixed deposit of RM1,304,507 (2013: RM1,265,207).

The second bank overdraft amounting to RM1,496,970 (2013: RM1,499,642) bears interest at 2.50% (2013: 2.50%) per annum above the bank's Base Lending Rate and is secured by the followings:

- a) first legal charge of RM2,000,000 over properties owned by a Director;
- b) legal charge of RM5,000,000 over properties owned by the Group with a carrying amount of RM480,000 (2013: RM495,000) (see note 7);
- c) personal guarantee for RM2,000,000 by a Director; and
- d) corporate guarantee for RM5,000,000 by the Company.

The first bankers acceptance amounting to RM1,150,000 (2013: RM1,873,000) bears interest at 2.00% (2013: 2.00%) per annum above cost of fund from the date of claim until the date of repayment thereof. It is secured and guaranteed by the followings:

- a) first legal charge of RM2,000,000 over properties owned by a Director;
- b) legal charge of RM5,000,000 over properties owned by the Group with a carrying amount of RM480,000 (2013: RM495,000) (see note 7);
- c) personal guarantee for RM2,000,000 by a Director; and
- d) corporate guarantee for RM5,000,000 by the Company.

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**13. LOANS AND BORROWINGS (CONTINUED)**

The second bankers acceptance amounting to RM300,000 (2013: RM300,000) bears interest at 1.50% (2013: 1.50%) per annum above cost of fund from the date of claim until the date of repayment thereof. It is secured and guaranteed by the followings:

- third party first legal charge of RM2,500,000 over properties owned by a Director;
- corporate guarantee for RM2,900,000 by the Company; and
- registered charge over fixed deposit of RM1,304,507 (2013: RM1,265,207).

**Finance lease liabilities**

Finance lease liabilities were payable as follows:

Group	Future minimum lease payments		Interest		Present value minimum lease payments	
	2014	2013	2014	2013	2014	2013
	RM	RM	RM	RM	RM	RM
Less than one year	-	54,083	-	799	-	53,284

Interest rate on finance leases for the 2014 financial year was 2.70% (2013: 2.70%) per annum on a flat rate basis.

**14. DEFERRED INCOME**

	Group	
	2014 RM	2013 RM
Customer advances for construction work-in-progress (see Note 10)	<u>838,330</u>	<u>5,883,524</u>

**15. TRADE AND OTHER PAYABLES**

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Trade</b>					
Trade payables	a	<u>46,468,202</u>	60,368,265	-	-
<b>Non-trade</b>					
Other payables		510,610	465,044	150,000	150,000
Accrued expenses		<u>96,932</u>	96,932	<u>21,432</u>	21,432
		<u>607,542</u>	561,976	<u>171,432</u>	171,432
		<u>47,075,744</u>	60,930,241	<u>171,432</u>	171,432

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**15. TRADE AND OTHER PAYABLES (CONTINUED)**

**Note a**

- i) The normal trade terms granted to the Group range from 30 days to 90 days (2013: 30 days to 90 days).
- ii) Included in the trade payables are:-
- a) Amount totaling RM1,996,633 (2013: RM1,996,633) owing to a related party; and
- b) Amount totaling RM15,498,460 (2013: RM15,067,282) are retention sums.

**16. REVENUE**

	Group	
	2014 RM	2013 RM
Construction contracts	<u>78,331,932</u>	<u>124,863,186</u>

**17. PROFIT/(LOSS) BEFORE TAX**

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
(a) <b>Profit for the year is arrived at after charging:</b>				
Auditors' remuneration	105,500	95,500	20,000	20,000
Construction costs	70,166,183	113,360,514	-	-
Depreciation of investment properties	15,000	15,000	-	-
Depreciation of property, plant and equipment	239,741	245,812	-	-
Interest expense on:				
- bank overdrafts	287,944	326,987	-	-
- borrowings	97,490	107,823	-	-
- finance lease	766	5,473	-	-
Loss on disposal of property, plant and equipment	-	35	-	-
Personnel expenses (including key management personnel)				
- contribution to Employees Provident Fund	303,571	296,278	-	-
- wages, salaries and others	3,149,855	2,890,835	170,000	150,000

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**17. PROFIT/(LOSS) BEFORE TAX (CONTINUED)**

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
(a) <b>and after crediting:</b>				
Dividend income	-	(98,252)	-	-
Gain on disposal of investment in quoted shares	-	(1,948,046)	-	-
Interest income	(40,128)	(38,232)	-	-
Rental income from equipment leases	(48,570)	(46,620)	-	-
Rental income from property leases	(183,750)	(176,400)	-	-
Reversal of impairment loss on receivables	(2,989,704)	(1,338,296)	-	-
Reversal of trade payables	(1,336,765)	(4,355,480)	-	-

(b) The Company has no employee and hence, no employee's information is disclosed.

**18. INCOME TAX EXPENSE**

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Current tax expense</b>					
Malaysian – current		1,278,000	2,901,000	-	-
– prior year		(30,619)	(8,287)	16	-
Total current tax expense		1,247,381	2,892,713	16	-
<b>Deferred tax expense</b>					
Origination and reversal of temporary differences		744,000	515,718	-	-
Overprovision in prior years		-	(86,490)	-	-
Total deferred tax expense	9	744,000	429,228	-	-
Total tax expense		1,991,381	3,321,941	16	-

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**18. INCOME TAX EXPENSE (CONTINUED)**

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Reconciliation of effective tax expense</b>					
Profit/(Loss) before tax		7,538,650	14,207,174	(287,386)	(263,080)
Tax at Malaysian tax rate of 25%		1,884,662	3,551,794	(71,847)	(65,770)
Non-deductible expenses		125,226	157,969	71,847	65,770
Non-taxable income		12,112	(293,045)	-	-
		<u>2,022,000</u>	<u>3,416,718</u>	<u>-</u>	<u>-</u>
(Over)/Under provision in prior year:					
- tax expense		(30,619)	(8,287)	16	-
- deferred tax expense		-	(86,490)	-	-
		<u>1,991,381</u>	<u>3,321,941</u>	<u>16</u>	<u>-</u>

**19. EARNINGS PER ORDINARY SHARE**

**Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share at 31 December 2014 was based on the profit attributable to ordinary shareholders of RM5,547,269 (2013: RM10,885,233) and 136,483,676 (2013: 136,483,676) ordinary shares outstanding during the year.

**20. KEY MANAGEMENT PERSONNEL COMPENSATION**

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors				
- remuneration	374,000	354,000	170,000	150,000
- other short term employee benefits	24,480	54,480	-	-
	<u>398,480</u>	<u>408,480</u>	<u>170,000</u>	<u>150,000</u>

**21. SEGMENT REPORTING**

No segmental information is disclosed as the Group only engages in the construction and trading of products in Malaysia.

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**22. FINANCIAL INSTRUMENTS**

**22.1 Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);  
(b) Available-for-sale financial assets (AFS); and  
(c) Other liabilities (OL)

	Carrying Amount	L&R	OL	AFS
	RM	RM	RM	RM
<b>2014</b>				
<b>Group</b>				
<b>Financial assets</b>				
Trade and other receivables	<u>166,784,031</u>	<u>166,784,031</u>	-	-
<b>Financial liabilities</b>				
Loans and borrowings	5,322,290	-	5,322,290	-
Trade and other payables	<u>46,978,812</u>	-	<u>46,978,812</u>	-
	<u>52,301,102</u>	-	<u>52,301,102</u>	-
<b>Company</b>				
<b>Financial assets</b>				
Trade and other receivables	<u>2,537,238</u>	<u>2,537,238</u>	-	-
<b>Financial liabilities</b>				
Other payables	<u>150,000</u>	-	<u>150,000</u>	-
<b>2013</b>				
<b>Group</b>				
<b>Financial assets</b>				
Trade and other receivables	<u>179,016,316</u>	<u>179,016,316</u>	-	-
<b>Financial liabilities</b>				
Loans and borrowings	4,556,742	-	4,556,742	-
Trade and other payables	<u>60,833,309</u>	-	<u>60,833,309</u>	-
	<u>65,390,051</u>	-	<u>65,390,051</u>	-
<b>Company</b>				
<b>Financial assets</b>				
Trade and other receivables	<u>2,816,385</u>	<u>2,816,385</u>	-	-
<b>Financial liabilities</b>				
Other payables	<u>150,000</u>	-	<u>150,000</u>	-



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**22. FINANCIAL INSTRUMENTS (CONTINUED)**

**22.2 Net gain arising from financial instruments**

	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
Available-for-sale financial assets		
- recognised in other comprehensive income	-	1,005,185
- reclassified from equity to profit or loss	-	(1,005,185)
	<u>-</u>	<u>-</u>

**22.3 Financial risk management**

The Group and the Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

**22.4 Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, amount due from related companies and investment securities. The Company's exposure to credit risk arises principally from amount due from subsidiaries.

**Receivables**

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due or impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

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**22. FINANCIAL INSTRUMENTS (CONTINUED)**

**22.4 Credit risk (continued)**

**Receivables (continued)**

*Impairment losses*

The ageing of receivables as at the end of the reporting period was:

	<b>Gross</b>	<b>Collective</b>	<b>Net</b>
	<b>RM</b>	<b>Impairment</b>	<b>RM</b>
		<b>RM</b>	
<b>2014</b>			
Not past due	<b>63,097,995</b>	-	<b>63,097,995</b>
Past due 91-180 days	<b>808,294</b>	-	<b>808,294</b>
Past due 181-364 days	<b>56,710,132</b>	-	<b>56,710,132</b>
Past due more than 365 days	<b>57,952,210</b>	<b>(13,555,995)</b>	<b>44,396,215</b>
	<b><u>178,568,631</u></b>	<b><u>(13,555,995)</u></b>	<b><u>165,012,636</u></b>
<b>2013</b>			
Not past due	74,812,050	-	74,812,050
Past due 91-180 days	37,055,107	-	37,055,107
Past due 181-364 days	75,697,578	(11,372,775)	64,324,803
Past due more than 365 days	5,172,924	(5,172,924)	-
	<b><u>192,737,659</u></b>	<b><u>(16,545,699)</u></b>	<b><u>176,191,960</u></b>

The movements in the allowance for impairment losses of trade receivables during the year were:

	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
At 1 January	<b>16,545,699</b>	17,883,995
Reversal of impairment losses	<b>(2,989,704)</b>	(1,338,296)
At 31 December	<b><u>13,555,995</u></b>	<b><u>16,545,699</u></b>

No further impairment losses are provided as management is confident that the balances due is recoverable.

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

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**22. FINANCIAL INSTRUMENTS (CONTINUED)**

**22.4 Credit risk (continued)**

**Financial guarantees**

*Risk management objectives, policies and processes for managing the risk*

The Group provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Group monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM5,322,290 representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

**22.5 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and loans.

*Maturity analysis*

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting date based on undiscounted contractual payments:

	<b>Carrying amount RM</b>	<b>Contractual interest rate %</b>	<b>Contractual flows RM</b>	<b>Under 1 year RM</b>
<b>2014</b>				
Bankers' acceptance	1,450,000	8.60	1,574,700	1,574,700
Bank overdraft	3,872,290	9.10	4,224,669	4,224,669
Trade and other payables	<u>46,978,812</u>	-	<u>46,978,812</u>	<u>46,978,812</u>
	<u>52,301,102</u>		<u>52,778,181</u>	<u>52,778,181</u>

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**22. FINANCIAL INSTRUMENTS (CONTINUED)**

**22.5 Liquidity risk (continued)**

*Maturity analysis*

	Carrying amount RM	Contractual interest rate %	Contractual flows RM	Under 1 year RM
<b>2013</b>				
Bankers' acceptance	2,173,000	8.60	2,359,878	2,359,878
Finance lease liabilities	53,284	2.70	54,723	54,723
Bank overdraft	2,330,458	9.10	2,542,530	2,542,530
Trade and other payables	60,833,309	-	60,833,309	60,833,309
	<u>65,390,051</u>		<u>65,790,440</u>	<u>65,790,440</u>

**22.6 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

**Interest rate risk**

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

*Risk management objectives, policies and processes for managing the risk*

In managing the risks, the Company maintain a balance portfolio of fixed and floating rate instruments. All interest rate are monitored and managed proactively by the management.

*Exposure to interest rate risk*

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting date was:

	2014 RM	2013 RM
<b>Fixed rate instruments</b>		
Financial assets	1,330,787	1,290,680
Financial liabilities	-	(53,284)
	<u>1,330,787</u>	<u>1,237,396</u>
<b>Floating rate instruments</b>		
Financial liabilities	<u>(5,322,290)</u>	<u>(4,503,458)</u>

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**22. FINANCIAL INSTRUMENTS (CONTINUED)**

**22.6 Market risk (continued)**

**Interest rate risk (continued)**

*Interest rate risk sensitivity analysis*

*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting date would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points (bp) in interest rates at the end of the reporting date would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp increase	100 bp decrease
	RM	RM
<b>2014</b>		
Floating rate instrument	<u>(39,917)</u>	<u>39,917</u>
<b>2013</b>		
Floating rate instrument	<u>(33,776)</u>	<u>33,776</u>

**Concentration risk**

**Credit risk concentration profile (under credit risk)**

The Group through its subsidiary company has substantial amount of trade receivables which are derived from sales to related companies which accounted for 100.0% of net revenue. Additionally, these two largest customers accounted for 91.1% of the accounts receivable as of 31 December 2014. The Directors believe that the receivable balances from these largest customers do not represent a significant credit risk based on cash flow forecasts, balance sheet analysis, and past collections experience.

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**22. FINANCIAL INSTRUMENTS (CONTINUED)**

**22.7 Other price risk**

Equity price risk arises from the Group's investments in equity securities.

*Risk management objectives, policies and processes for managing the risk*

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee of the Company.

*Equity price risk sensitivity analysis*

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with FTSE Bursa Malaysia KLCI (FBMKLCI).

**22.8 Fair value of financial instruments**

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practical to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market price and the inability to estimate fair value without incurring excessive cost.

*Investments in equity securities*

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting date.

**23. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is the net debt divided by total equity plus net debt. Net debt includes loans and borrowing, less cash and bank balances and short term deposits. Capital of the Group represents total equity.

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**23. CAPITAL MANAGEMENT (CONTINUED)**

The debt to equity ratio as at 31 December 2014 and 31 December 2013 are as follows:

	<b>Note</b>	<b>2014</b> <b>RM</b>	<b>2013</b> <b>RM</b>
Loans and borrowings	13	<b>5,322,290</b>	4,556,742
Less: Cash and bank balances	11	<b>(55,351)</b>	(102,848)
Less: Short term deposits	11	<b>(1,330,787)</b>	(1,290,680)
Net debt		<b>3,936,152</b>	3,163,214
Total equity		<b>131,626,530</b>	126,079,261
Capital and net debt		<b>135,562,682</b>	129,242,475
Gearing ratio		<b>3%</b>	2%

**24. OPERATING LEASES**

**Leases as lessor**

The Group leases out its property, plant and equipment under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	<b>2014</b> <b>RM</b>	<b>2013</b> <b>RM</b>
Less than one year	<b>234,180</b>	232,320
Between 1 to 5 years	<b>39,030</b>	273,210
	<b>273,210</b>	505,530

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**25. CONTINGENCIES**

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Contingent liabilities</b>				
Corporate guarantee given to supplier for facilities granted to a subsidiary company	-	-	<b>6,480,000</b>	<b>6,480,000</b>
Corporate guarantee given to financial institutions for facilities granted to a subsidiary company	-	-	<b>7,900,000</b>	<b>7,900,000</b>
Payment guarantees issued in the form of bank guarantee given to suppliers by a subsidiary company	<b>200,000</b>	200,000	-	-
	<b>200,000</b>	<b>200,000</b>	<b>14,380,000</b>	<b>14,380,000</b>

**26. RELATED PARTIES**

**Identity of related parties**

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

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



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**26. RELATED PARTIES (CONTINUED)**

**Identity of related parties (continued)**

The Company has related party transactions with the following companies, which are deemed related to the Directors as follows:

- i) Lebar Daun Development Sdn. Bhd. in which Dato' Noor Azman @ Noor Hizam bin Mohamed Nurdin, Norazmi bin Mohamed Nurdin and Dato' Noorazhar bin Mohamed Nurdin are common Directors; and
- ii) Basco Sdn. Bhd. is deemed related to Dato' Noor Azman @ Noor Hizam bin Mohamed Nurdin, Norazmi bin Mohamed Nurdin and Dato' Noorazhar bin Mohamed Nurdin.

The significant related party transactions of the Group, other than key management personnel compensation (see note 20), are as follows:

	Amount transacted for the year ended 31 December	Gross balance outstanding at 31 December	Allowance for impairment loss at 31 December	Net balance outstanding at 31 December	Reversal of impairment loss recognised for the year ended 31 December
<b>2014</b>					
<b>Related parties</b>					
Revenue	67,390,632	163,330,448	12,390,528	150,939,920	(2,989,704)
Rental income	232,320	-	-	-	-
Construction cost	-	1,996,633	-	1,996,633	-
<b>2013</b>					
<b>Related parties</b>					
Revenue	124,692,505	182,643,657	15,380,235	167,263,422	(1,338,296)
Rental income	223,020	-	-	-	-
Construction cost	(17,441)	1,996,633	-	1,996,633	-

The above transactions have been entered into in the normal course of business and have been established on a negotiated basis.

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## **SUPPLEMENTARY INFORMATION**

### **DISCLOSURE PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

#### **SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES**

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2014, into realised and unrealised profits, pursuant to paragraph 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses as issued by the Malaysian Institute of Accountants, is as follows:

	<b>Group</b>	<b>Company</b>
	<b>2014</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	56,205,746	2,048,475
- Unrealised	<u>(3,299,000)</u>	<u>(200,000)</u>
	<u>52,906,746</u>	<u>(1,848,475)</u>

The disclosure of realised and unrealised above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.