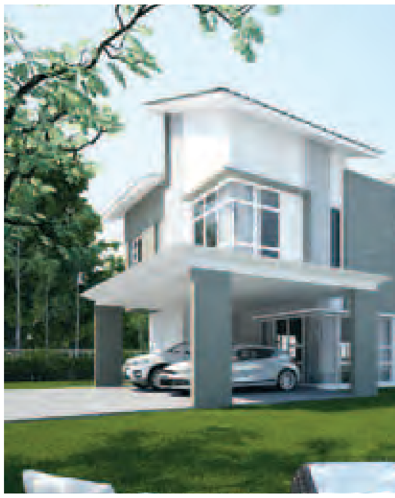
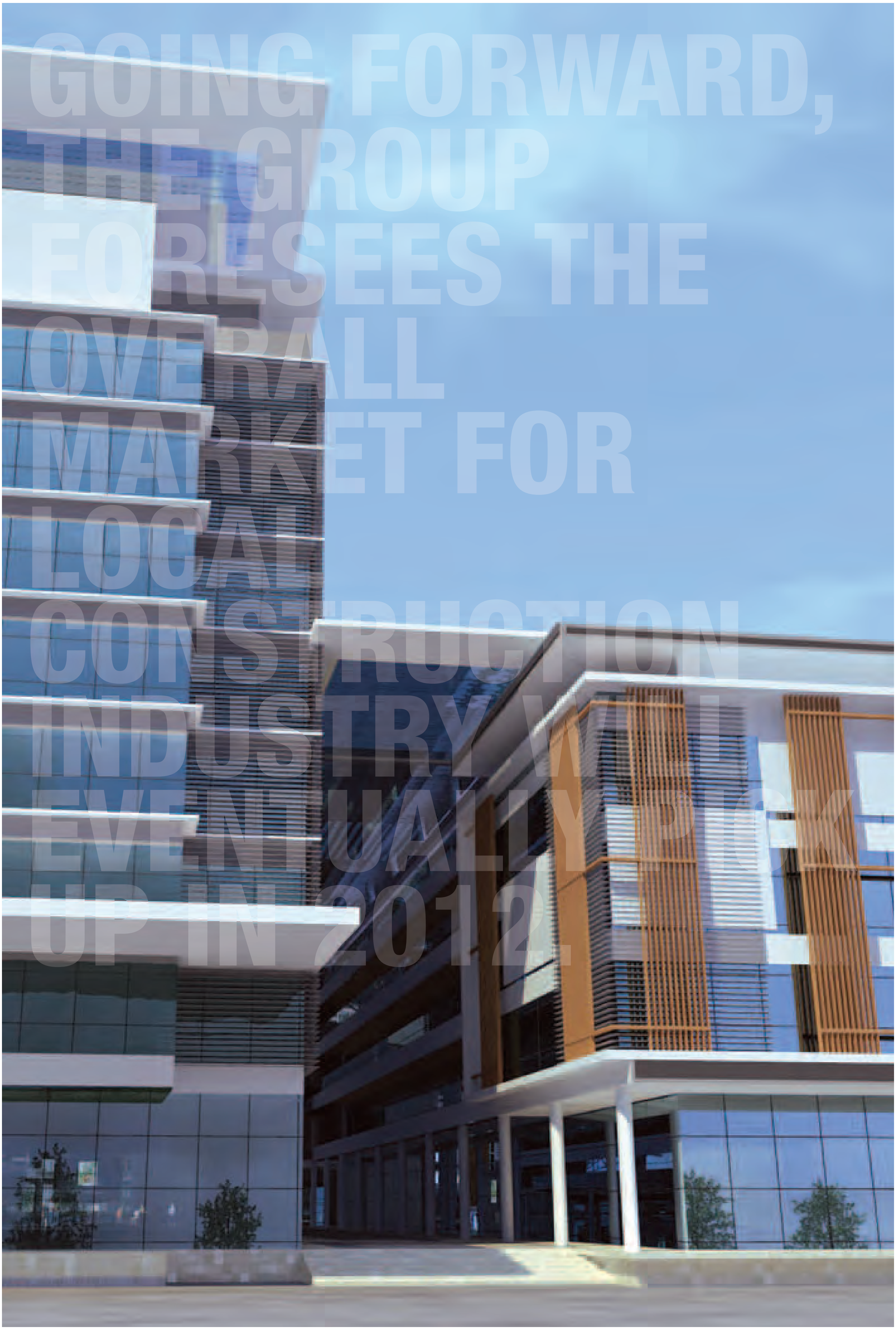
LEBTECH BERHAD

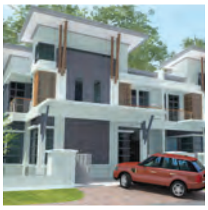
(formerly known as Lebar Daun Berhad)
(590945-H)

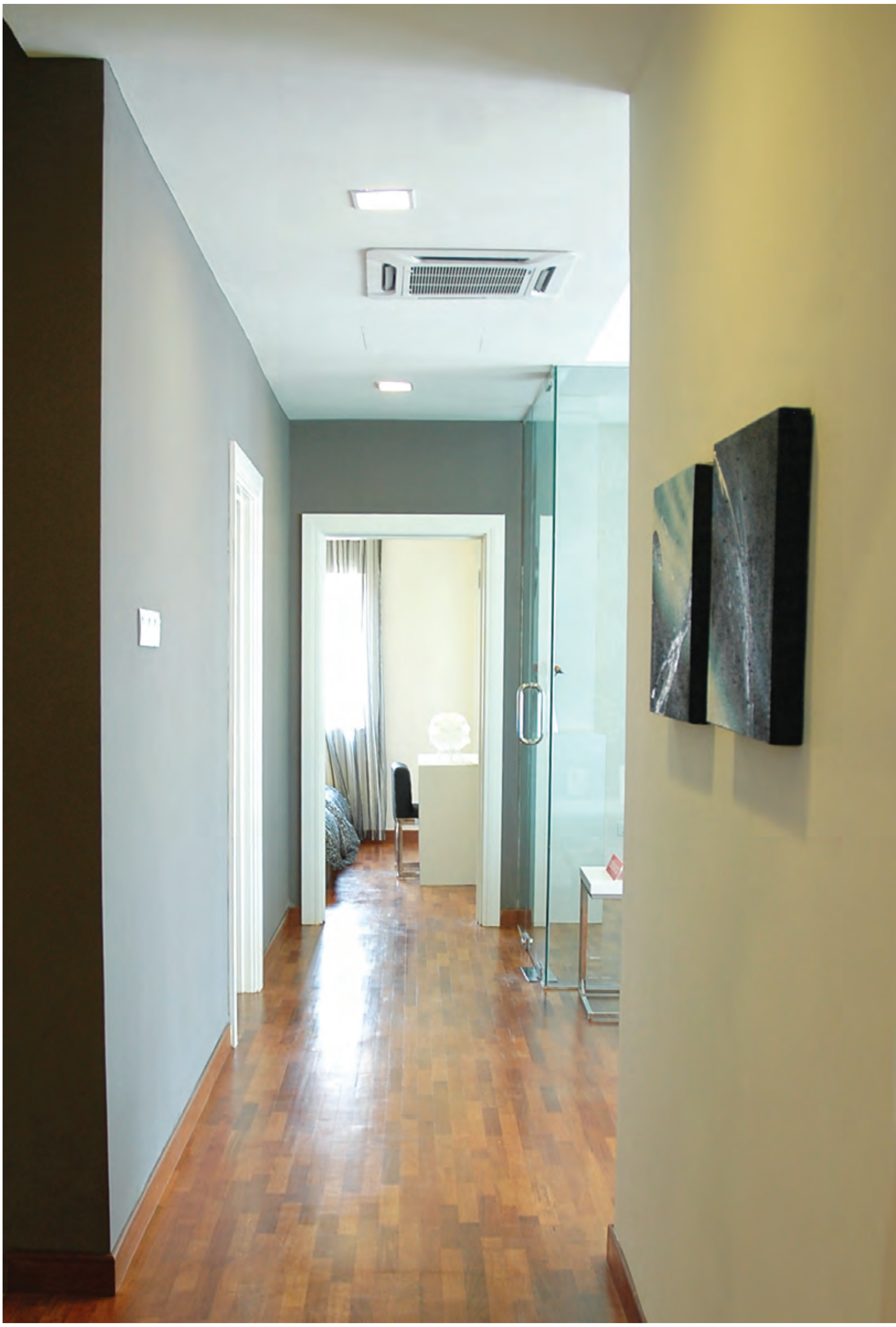
ANNUAL REPORT 2011




GOING FORWARD, THE GROUP FORESEES THE OVERALL MARKET FOR LOCAL CONSTRUCTION INDUSTRY WILL EVENTUALLY PICK UP IN 2012.

contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

NORAZMI BIN MOHAMED NURDIN
(Chairman/Managing Director)

TAN SRI DATUK ADZMI BIN ABDUL WAHAB
(Independent Non-Executive Director)

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF
(Independent Non-Executive Director)

DATO' NOOR AZMAN @ NOOR HIZAM BIN MOHD NURDIN
(Non-Independent Non-Executive Director)

HAZLI BIN IBRAHIM
(Independent Non-Executive Director)

NOORAZHAR BIN MOHAMED NURDIN
(Non-Independent Non-Executive Director)
(Appointed on 29 February 2012)

DATUK MOHD HASHIM BIN HASSAN
(Independent Non-Executive Director)
(Resigned on 1 January 2012)

AUDIT COMMITTEE

HAZLI BIN IBRAHIM
(Chairman)

TAN SRI DATUK ADZMI BIN ABDUL WAHAB

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

NOMINATION COMMITTEE

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF
(Chairman)

HAZLI BIN IBRAHIM

NOORAZHAR BIN MOHAMED NURDIN
(Appointed on 29 February 2012)

DATUK MOHD HASHIM BIN HASSAN
(Resigned on 1 January 2012)

REMUNERATION COMMITTEE

TAN SRI DATUK ADZMI BIN ABDUL WAHAB
(Chairman)
(Appointed on 24 April 2012)

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

HAZLI BIN IBRAHIM

NOORAZHAR BIN MOHAMED NURDIN
(Appointed on 29 February 2012)

DATUK MOHD HASHIM BIN HASSAN
(Resigned on 1 January 2012)

COMPANY SECRETARY

Shahril Najmiddin Bin Muda
(MIA 15311)

AUDITORS

Afrizan Tarmili Khairul Azhar
Chartered Accountants
2, Jalan Rampai Niaga 2
Rampai Business Park
53300 Kuala Lumpur
Tel. No. : 603-41439330
Fax. No. : 603-41429330

REGISTERED OFFICE

Wisma Lebar Daun
No. 2, Jalan Tengku Ampuan
Zabedah J9/J
Seksyen 9, 40000 Shah Alam
Selangor Darul Ehsan
Tel. No. : 603-5511 1333
Fax. No. : 603-5511 1888
Website : www.lebtech.com.my

SHARE REGISTRAR

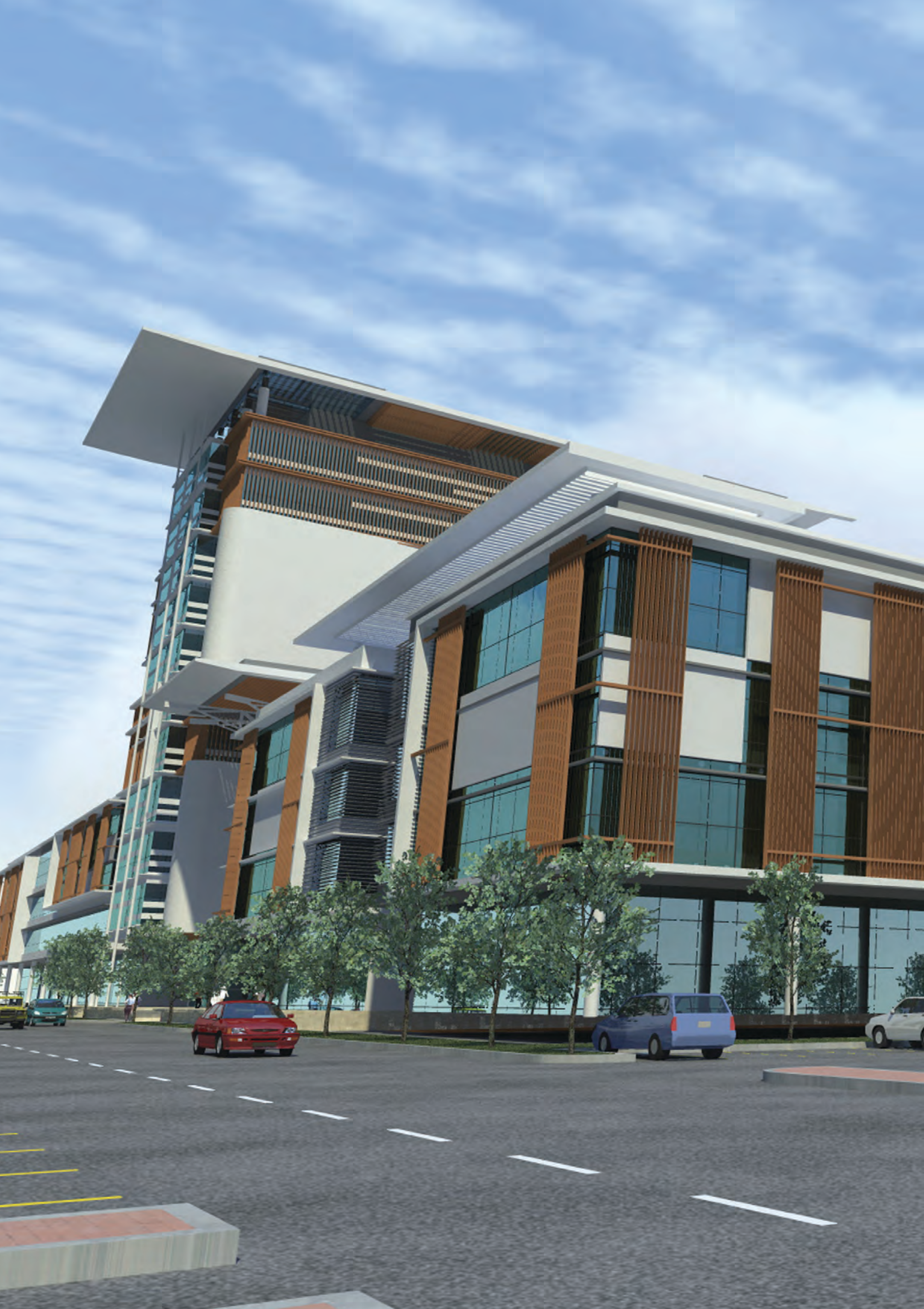
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301
Petaling Jaya
Selangor Darul Ehsan
Tel. No. : 603-7841 8000
Fax. No. : 603-7841 8151

PRINCIPAL BANKERS

CIMB Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad



ON THE POSITIVE NOTE, THE CONSTRUCTION SECTOR IS PROJECTED BY THE GOVERNMENT TO BE THE KEY DRIVER IN THE ECONOMIC GROWTH IN 2012 WITH GROWTH ANTICIPATED TO DOUBLE TO 7% AS LARGE INFRASTRUCTURE PROJECTS AND HOUSING ACTIVITIES GAIN GROUND.

PROFILE OF THE BOARD OF DIRECTORS

NORAZMI BIN MOHAMED NURDIN

aged 46, Malaysian, was appointed as Chairman and Managing Director of Lebtech Berhad ("LEBTECH") on 7 January 2004. He holds a Degree in Civil Engineering and also a Degree in Engineering Management from the University of Portland, USA. He started his career with Petronas Berhad in November 1992 as Senior Executive, Tender and Contract Division. He was with the company until 1996. Prior to joining the LEBTECH Group, he was the General Manager of Putrajaya Holdings Sdn Bhd and also served in various senior positions in several other private companies under Putrajaya Holdings Sdn Bhd. He is the key personnel in the management team that runs the day-to-day operations of LEBTECH Group. He also sits on the boards of several other private companies. He does not hold any other directorships of public companies. He holds a total of 5,016,000 ordinary shares in LEBTECH and is deemed to have an interest in the shares of the subsidiary companies to the extent held by LEBTECH. He is the brother of Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin, a Non-IndependentNon-Executive Director and major shareholder of LEBTECH, Encik Noorazhar bin Mohamed Nurdin, a Non-Independent Non-Executive Director and Encik Norazlan bin Mohamad Nordin, a major shareholder of LEBTECH and the brother-in-law to Datin Nor Hayati bt Abd Malik, a major shareholder of LEBTECH. He does not have any conflict of interest with the Company except for the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the LEBTECH Group for which he is deemed to be interested as disclosed in page 20 of this Annual Report. He attended all the five board meetings held during the financial year ended 31 December 2011.

TAN SRI DATUK ADZMI BIN ABDUL WAHAB

aged 69, Malaysian, was appointed as Independent Non-Executive Director of LEBTECH on 13 December 2007. He is the Chairman of the Remuneration Committee and is a member of the Audit Committee. He holds a Bachelor of Arts (Hons) Degree in Economics from the University of Malaya and a Master of Business Administration from the University of Southern California, USA. He was appointed as the longest serving Managing Director of Edaran Otomobil Nasional Berhad (EON) in November 1992 until May 2005. In 2003, he was conferred Malaysia CEO of the Year by AMEX and Business Times. He was first Chairman of the Malaysian Franchise Association from 1994 to 2005. He served the Malaysian Administrative and Diplomatic Service in various capacities from 1967 to 1982 in the following areas: Central Procurement and Contract Management in Ministry of Finance, Investment Promotion in Pahang Tenggara Development Authority, Public Enterprise Management in Implementation Coordination Unit (Prime Minister's Department), Regional Planning in Klang Valley Planning Secretariat (Prime Minister's Department). He was a Manager, Corporate Planning Division of HICOM Berhad involved in development of heavy industries projects from 1982 to 1985. He served PROTON in 1985 to 1992 and his last position in PROTON was Director/ Corporate General Manager, Administration and Finance Division. He has wide experience of over 20 years serving as a chairman and director of HICOM, PROTON and EON Group of Companies involved in automotive (car manufacturing, distribution and component), property development, telecommunication, general trading, life insurance and franchise businesses. He currently also sits on the boards of Magna Prima Berhad, Dataprep Holdings Bhd, Grand-Flo Solution Berhad and other private companies involved in ICT, property development and construction, manufacturing, automotive and franchise businesses. He is also the Advisor to the Malaysian Franchise Association. He does not hold any ordinary shares in LEBTECH. He does not have any family relationship with any Director and/or major shareholder of LEBTECH and has no conflict of interest with LEBTECH. He attended all the five board meetings held during the financial year ended 31 December 2011.

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

aged 66, Malaysian, was appointed as Independent Non-Executive Director of LEBTECH on 7 January 2004. He serves as the Chairman of the Nomination Committee and is a member of the Audit and Remuneration Committees. He obtained a Diploma in Police Science from the University Kebangsaan Malaysia. He began his career with the Royal Malaysia Police in 1965, where he served in numerous senior positions within the Royal Malaysia Police such as the Head of Special Branch, Terengganu (1982-1983), Commandant Special Branch Training School (1989-1992), Deputy Director Special Branch 1 (1995-1997), and Chief Police Officer of Terengganu (1997), Kedah (1997-1999), Selangor (1999-2001). He retired from the force as the Deputy Commissioner of Police in 2001. He currently also sits on the boards of Malaysian AE Models Holdings Berhad, Advance Information Marketing Berhad and several other private companies. He does not hold any ordinary shares in LEBTECH. He does not have any family relationship with any Director and/or major shareholder of LEBTECH and has no conflict of interest with LEBTECH. He attended all the five board meetings held during the financial year ended 31 December 2011.

profile of the board of directors

DATO' NOOR AZMAN @ NOOR HIZAM BIN MOHD NURDIN

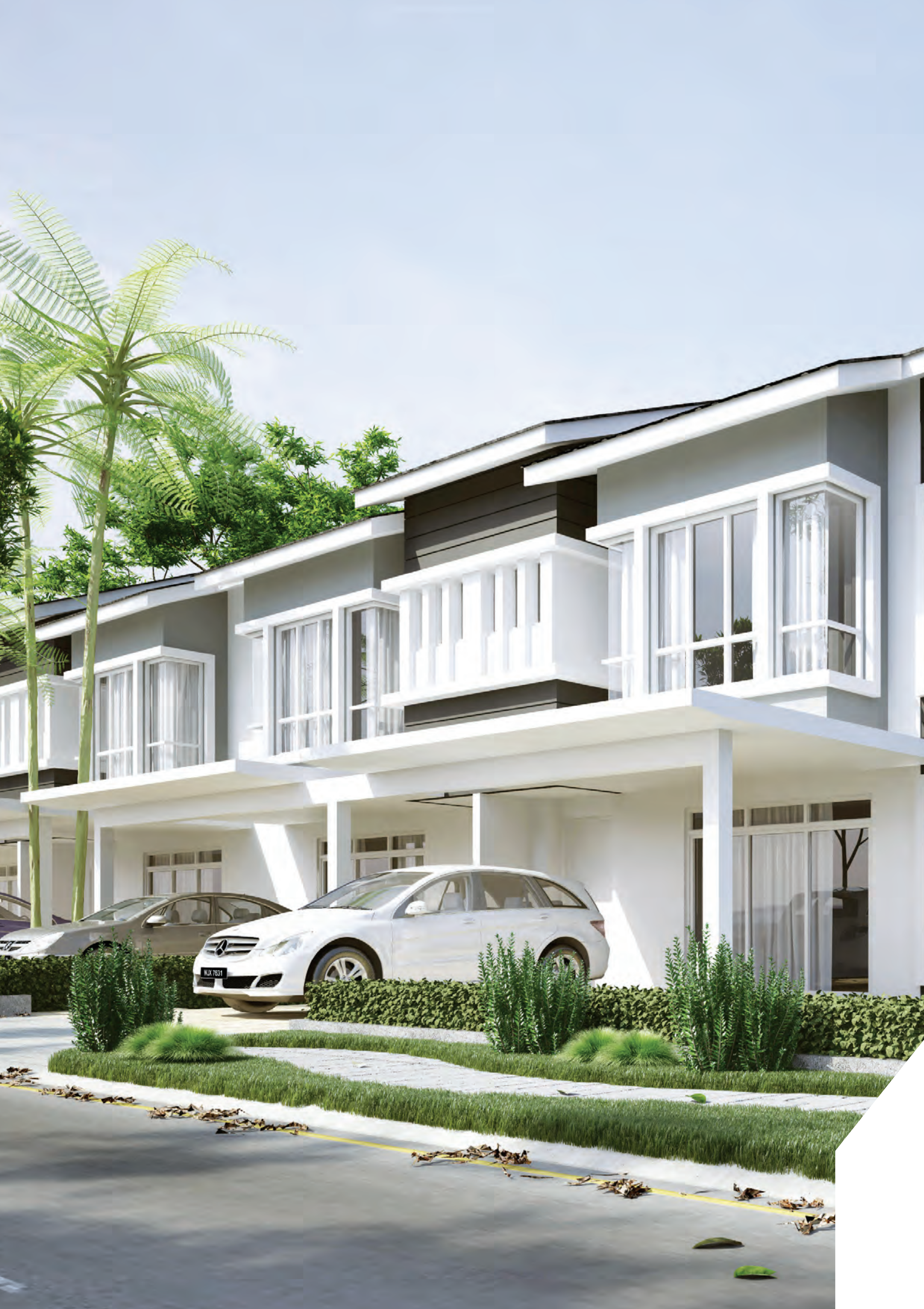
aged 50, Malaysian, was appointed as Non-Independent Non-Executive Director of LEBTECH on 7 January 2004. He graduated with an Honours in Business Management degree from the University Kebangsaan Malaysia. He began his career as a Corporate and Retail Banking Executive with MUI Bank Berhad in 1985. He left MUI Bank Berhad in 1988 to set up Lebar Daun Construction Sdn. Bhd.. He also sits on the boards of several other private companies. He does not hold any other directorships of public companies. He holds a total of 71,817,000 ordinary shares (direct and indirect) in LEBTECH and is deemed to have an interest in the shares of the subsidiary companies to the extent held by LEBTECH. He is the spouse of Datin Nor Hayati bt Abd Malik, a major shareholder of LEBTECH and the brother of Encik Norazmi bin Mohamed Nurdin, the Chairman and Managing Director of LEBTECH and Encik Noorazhar bin Mohamed Nurdin, a Non-Independent Non-Executive Director and Encik Norazlan bin Mohamad Nordin, a major shareholder of LEBTECH. He does not have any conflict of interest with the Company except for the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the LEBTECH Group for which he is deemed to be interested as disclosed in page 20 of this Annual Report. He attended four out of five board meetings held during the financial year ended 31 December 2011.

HAZLI BIN IBRAHIM

aged 49, Malaysian, was appointed as Independent Non-Executive Director of LEBTECH on 13 April 2010. He serves as the Chairman of the Audit Committee and is a member of the Nomination and Remuneration Committees. He holds a Bachelor of Finance with Accounting from the University of East London and a fellow of the Association of Chartered Certified Accountants and a Master of Business Administration (Finance) from Cass Business School, London. He started his career in London with several chartered accountants firms. Upon his return to Malaysia in August 1994, he joined Aseambankers Malaysia Berhad, an investment banking arm of Malayan Banking Berhad as Manager of Corporate Finance. Subsequently in November 1996, he moved to Amanah Merchant Bank Berhad. He left Amanah Group in September 1998 to join Pengurusan Danaharta Nasional Berhad ("Danaharta"), a national asset management company of Malaysia, as the Head of Corporate Planning, Corporate Services Division. He left Danaharta in October 2002 to set up Haz-iq Capital Sdn. Bhd., a consultancy firm, specializing in corporate finance works, where he is currently the Managing Director. He has extensive experience in investment banking and capital markets. He currently sits on the boards of Mentiga Corporation Berhad and DutaLand Berhad and several other private companies. He holds a total of 711,400 ordinary shares (direct and indirect) in LEBTECH and is deemed to have an interest in the shares of the subsidiary companies to the extent held by LEBTECH. He does not have any family relationship with any Director and/or major shareholder of LEBTECH and has no conflict of interest with LEBTECH. He attended all the five board meetings held during the financial year ended 31 December 2011.

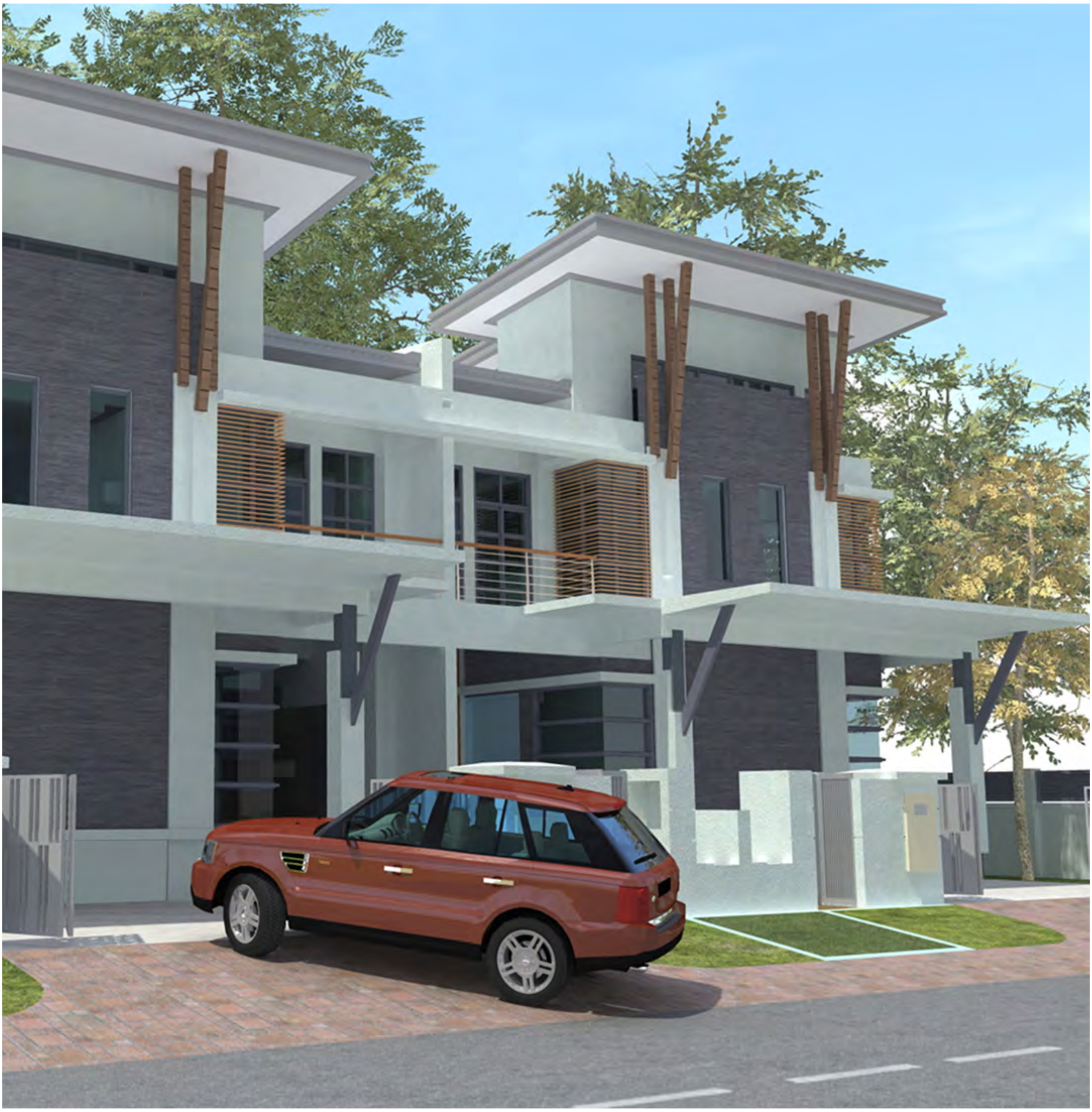
NOORAZHAR BIN MOHAMED NURDIN

aged 37, Malaysian, was appointed as Non-Independent Non-Executive Director of LEBTECH on 29 February 2012. He is a member of the Nomination and Remuneration Committees. He holds a Diploma in Electrical Engineering (Communication) from the University of Technology Malaysia. He started his career with Lebar Daun Sdn Bhd as Assistant Engineer in November 1996 and later became the Deputy Chief Executive Officer (Development) and currently holding the position of Executive Director for Lebar Daun Development Sdn Bhd since January 2003. He also sits on the boards of several other private companies. He does not hold any other directorships of public companies. He holds a total of 254,800 ordinary shares in LEBTECH and is deemed to have an interest in the shares of the subsidiary companies to the extent held by LEBTECH. He is the brother of Encik Norazmi bin Mohamed Nurdin, the Chairman and Managing Director of LEBTECH and the brother of Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin, the Non-Independent Non-Executive Director and major shareholder of LEBTECH and the brother of Encik Norazlan bin Mohamad Nordin, a major shareholder of LEBTECH and the brother-in-law to Datin Nor Hayati bt Abd Malik, a major shareholder of LEBTECH. He has no conflict of interest with LEBTECH. He did not attend any board meetings held during the financial year ended 31 December 2011 as he was appointed to the Board on 29 February 2012.



ON PRIVATE RESIDENTIAL PROJECTS, THE GROUP EXPECTS THE SECTOR WILL STILL BE CHALLENGING IN 2012 COMPARED WITH LAST YEAR. THIS IS MAINLY DUE TO A VERY COMPETITIVE MARKET CONDITIONS IN THE CONSTRUCTION INDUSTRY.

CHAIRMAN'S STATEMENT



DEAR VALUED SHAREHOLDERS,

I AM PLEASED TO PRESENT HEREWITH THE ANNUAL REPORT 2011 AND THE AUDITED FINANCIAL STATEMENTS OF LEBTECH BERHAD FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011.

chairman's statement

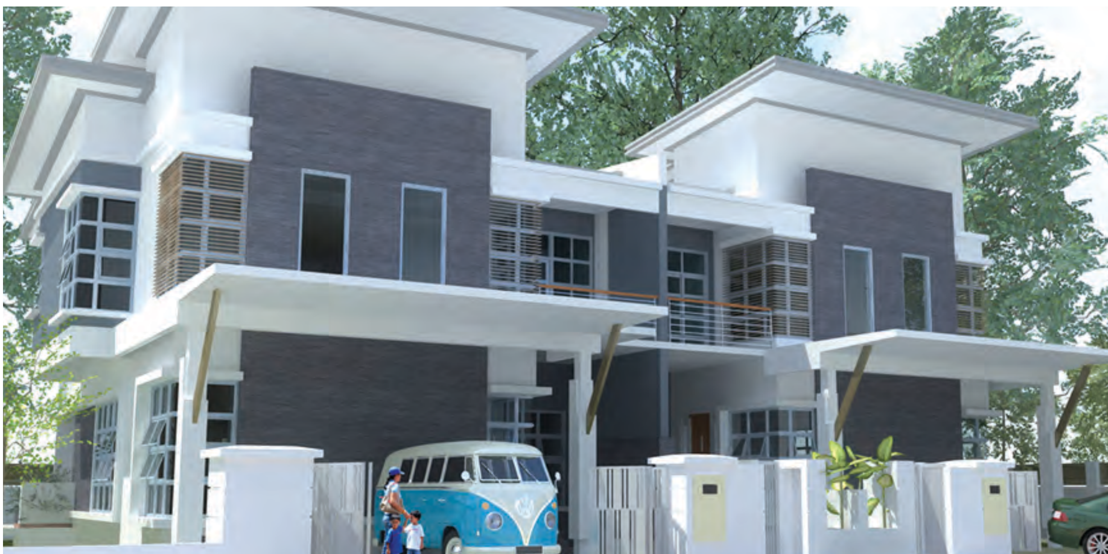
REVIEW OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Despite heightened uncertainties in the global economy and the European debt crisis which dampened the rate of recovery of the global economy in 2011, Malaysian economy continued to register a growth of 5.1%, albeit at a slower rate, compared to the previous year which was 7.2%. Many sectors of the economy performed solidly. However, the construction sector registered a lower growth of 3.4% compared with 5.1% in 2010. On the positive note, the construction sector is projected by the government to be the key driver in the economic growth in 2012 with growth anticipated to double to 7% as large infrastructure projects and housing activities gain ground.

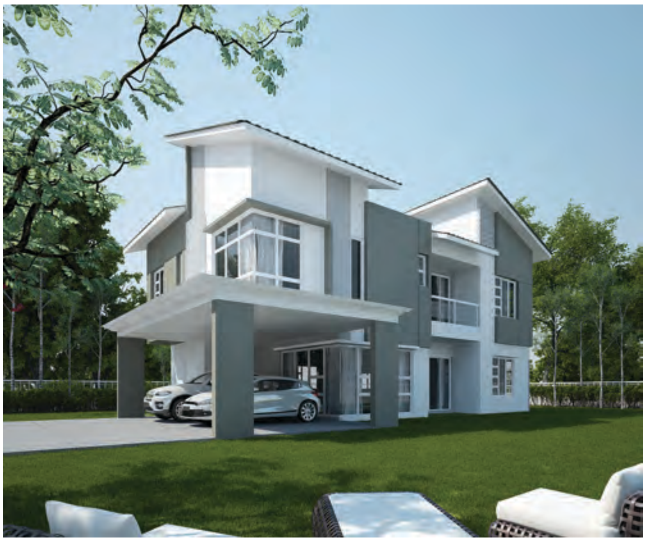
FINANCIAL PERFORMANCE

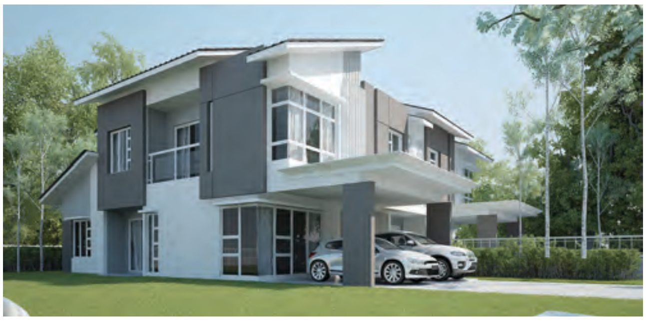
The financial year ended 31 December 2011 saw the Group registered a profit before taxation of RM2.485 million as compared with RM1.472 million achieved in the last financial year. However, turnover decreased from RM101.062 million last year to RM76.461 million this year. The decrease in revenue was mainly due to the slower progress at site of several construction contracts undertaken by the Group.

There was no movement in the Company's issued and paid-up share capital during the year under review. As at 31 December 2011, the Company's issued and paid-up share capital remained at RM68.242 million with shareholders' fund and net asset per share decreased marginally to RM106.586 million and RM0.781, from RM106.736 million and RM0.782 a year before, respectively.



chairman's statement





REVIEW OF OPERATION

Despite the slow growth in the sector, the Group showed perseverance and resilient where it managed to produce a set of positive financial results for 2011. The construction of Selangor Syariah Court Headquarters and three (3) other Syariah Lower Courts has completed and the balance six (6) other Syariah Lower Courts is expected to complete in 2012 and 2013. Another project, the construction of roadworks in Meru, Klang has also completed during the financial year ended 31 December 2011 as scheduled.

The year under review also saw the Group continued with the construction of private residential homes with the launches of new phases in D'Kayangan and Bukit Bandaraya Shah Alam and other residential property development projects.

DIVIDEND

The Board has decided to place utmost priority in keeping positive cash flow and cash conservation, and thus has proposed that no dividend be paid for financial year ended 31 December 2011.

PROSPECT

The Group will focus on securing more construction jobs in 2012 to increase its revenue and building a strong order book. To achieve this, the Group will be more active in its bidding for construction jobs in the public as well as in the private sectors.

On private residential projects, the Group expects the sector will still be challenging in 2012 compared with last year. This is mainly due to a very competitive market conditions in the construction industry.

Going forward, the Group foresees the overall market for local construction industry will eventually pick up in 2012. Despite this, the Group will remain cautious in view of the uncertainties and will continue to focus on cost control measures and to increase productivity to meet the challenges ahead. Against this basis, we anticipate the Group's performance in 2012 will improve from that of 2011.

chairman's statement

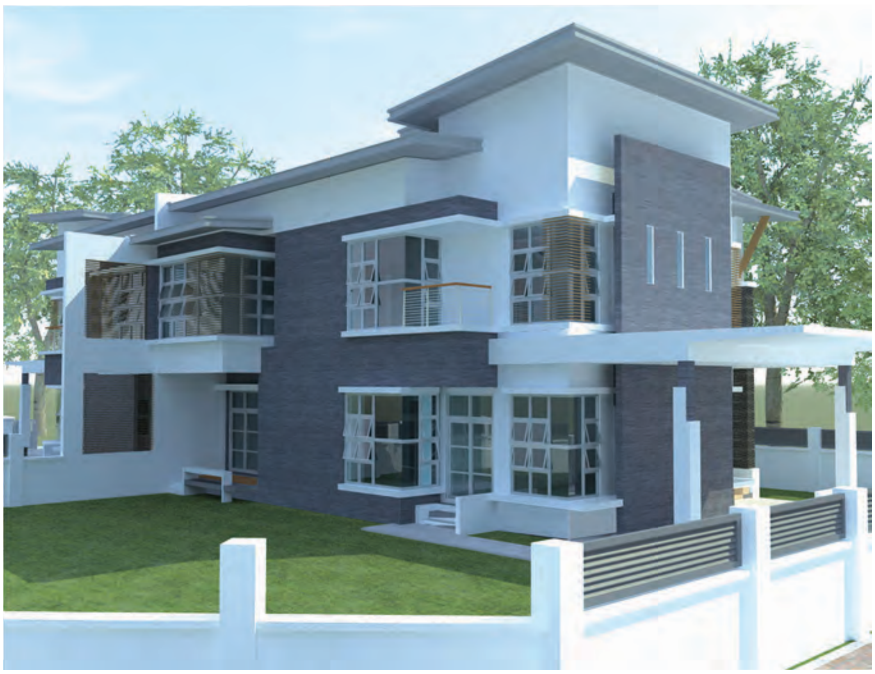
ACKNOWLEDGEMENT

On behalf of the Board, I am pleased to welcome Encik Noorazhar Bin Mohamed Nurdin to the Board. I would also like to take this opportunity to thank our director, Datuk Mohd Hashim Bin Hassan, who has resigned, for his invaluable contributions to the Board and the Group during his tenure.

I wish to thank the management and staff for their dedication, contributions, loyalty and trust over the years to ensure the continued growth and success of the Group. Further, I would like to extend my sincere appreciation to all our bankers, clients, suppliers and business associates for the support and confidence. I would also like to express my utmost appreciation to my fellow board members for their valuable contribution and commitment. Last but not least, my sincere gratitude to all shareholders for the continued support to the Group.

Thank you.

NORAZMI BIN MOHAMED NURDIN
Chairman/Managing Director



CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of Lebtech Berhad recognises the importance of practising the Corporate Social Responsibility (CSR) as it will bring value to the Company's business operations and at the same time, deliver sustainable value to the society at large.

Lebtech Berhad and its subsidiaries ("LEBTECH Group") is committed to undertake its CSR practices, with the belief that these initiatives will have positive impact on the Environment, Workplace, Community and Marketplace.

The CSR initiatives undertaken by the Group are summarised below:-

ENVIRONMENT

The nature of our business activities has a major impact on the environment in which we operate. We have taken many steps to mitigate or minimise adverse impacts arising from our construction activities, including water sprinkling to reduce dust pollution, controlled open burning and proper handling of waste and construction debris to reduce air pollution and adoption of proper piling methods to mitigate noise pollution. We will continue to adhere to the environmental standards set by the local authorities at our construction sites. In addition, we have implemented the recycling of office stationery and used papers and promoted good practices on energy saving at our corporate office.

WORKPLACE

We are committed to provide a safe and healthy working environment for our employees. Construction workers are provided with safety equipment and are briefed on working procedures in relation to the health and safety matters. Briefings on safety matters are conducted regularly to instill safety consciousness in the staff and workers as to enhance safety and health in the working environment as well as to reduce and avoid any incident or accident at the workplace.

We always believe a healthy mind starts with a healthy body. LEBTECH Sport Club has organised various sporting and fitness activities like badminton matches and indoor games tournament to promote healthy lifestyle for the staff. In addition, efforts were also made to promote staff interaction and to instill a sense of belonging amongst the staff by holding Family Day and celebrating staffs' birthday.

COMMUNITY

LEBTECH Group has undertaken some CSR initiatives to support the community. LEBTECH Group has encouraged its employees to support and participate in some community activities such as Organ Donation and Rakan Cop, and has organised Majlis Sambutan Hari Raya Aidil Fitri Bersama Dengan Anak-anak Yatim as well as has offered Industrial Training Programmes for University pre-graduates. Besides, LEBTECH Group has contributed monetary donations to the charitable organisations from time to time.

MARKETPLACE

At the marketplace, we always endeavor to deliver good quality products to our clients and have thus focused on the quality management system of our operations. During the financial year, the construction division of LEBTECH Group has been accredited the ISO 9001:2008 certification. Additionally, LEBTECH Group operates in tandem with its vision through sound business practices, effective management and good corporate governance with the aim of enhancing the stakeholders' value.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Lebtech Berhad ("the Board") recognises the importance of practising the highest standards of corporate governance throughout the Company and its subsidiaries ("the Group") and fully supports the recommendations of the Malaysian Code on Corporate Governance ("the Code"). The Board constantly strives to ensure that the highest standards of corporate governance are practised throughout the Group to protect and enhance shareholders' value and the financial performance of the Group as a part of its fiduciary duties.

The Board is pleased to report on the manner the Group has applied the principles and the extent of compliance with the best practices of the Code throughout the financial year ended 31 December 2011.

THE BOARD OF DIRECTORS

Board Composition, Duties and Responsibilities

The Board currently has six members, comprising the Chairman/Managing Director, three Independent Non-Executive Directors and two Non-Independent Non-Executive Directors. With this composition, the Board satisfies the requirement of having at least one third of its members as Independent Directors. All the Independent Directors are independent of the Management and are free from any business or other relationship that would materially interfere with the exercise of their independent judgment. The Board is of the view that three Independent Directors fairly reflect the interests in the Company by the minority shareholders. The Directors, with their different background and specialisation, collectively bring with them a wide range of experience and expertise to enable the Board in discharging its duties and responsibilities effectively. A brief description on the background of the Directors is presented on pages 6 and 7 of this Annual Report.

The Board has overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the resources, investments and businesses of the Group. All Board members participate fully in major decisions and key issues involving the Group such as approval of quarterly and annual results, budgets, significant acquisitions and disposals of assets, major capital expenditure as well as long term strategic planning for the Group.

The roles of the Chairman and Managing Director are combined and currently held by Encik Norazmi bin Mohamed Nurdin. This is perceived as appropriate and in the best interest of the Group as he has extensive knowledge and experience in the Group's businesses, policies and administrative matters and is able to lend a hands-on approach in managing the Group. The Board is mindful of the dual role held by him but is of the opinion that the current Board composition reflects a strong independent element so that no individual has unfettered power of decision and no small group of individuals dominates the Board decision making.

The Board has identified Dato' Nik Ismail bin Dato' Nik Yusoff as the Senior Independent Non-Executive Director to whom all concerns regarding the Company may be conveyed.

Board Meetings and Supply of Information

The Board meets on a scheduled basis at least four times a year, with additional meetings convened when necessary. During the financial year, five Board meetings were held and the details of attendance of each Director at the Board meetings are recorded within the Profile of the Board of Directors on pages 6 and 7 of this Annual Report.

Prior to each Board meeting, all Directors are provided with a set of board papers with details on matters to be discussed at the meeting.

All members of the Board have unrestricted access to the advice and services of the senior managers and the company secretary. The company secretary is responsible for ensuring that all Board meeting procedures are followed and that all applicable rules and regulations are complied with.

Directors may obtain independent professional advice in furtherance of their duties, at the Company's expense.

Appointment to the Board

In order to comply with good practice for the appointment of new directors through a formal and transparent procedure, the Board has set up a Nomination Committee, which comprised exclusively of Non-Executive Directors, to evaluate and recommend candidates for directorships to the Board.

STATEMENT ON CORPORATE GOVERNANCE

Re-election of Directors

In accordance with the Company's Articles of Association, one-third of the Directors for the time being, or, if their number is not three, or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election Provided Always that all Directors including a Managing Director shall retire from office once at least in each three years but shall be eligible for re-election. A retiring Director shall retain office until the close of the Annual General Meeting at which he retires.

The Articles of Association also provide that any Director who is appointed from time to time shall hold office only until the next Annual General Meeting of the Company, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Directors' Training

At present, the Company does not have a formal orientation programme for the newly appointed Directors. However, newly appointed Directors will be provided with relevant information pertaining to the Group, including visits to the Group's operating sites and meetings with senior management to facilitate their understanding of the nature of business and strategy of the Group.

In line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board will continue to evaluate and determine the training needs of its Directors from time to time to enhance their skills and knowledge so as to enable them to discharge their duties as Directors more effectively.

During the financial year, save for Norazmi Bin Mohamed Nurdin and Dato' Nik Ismail Bin Dato' Nik Yusoff who had attended seminar on the topic of The Inside Story of the Annual Report: What You Need To Know, the other Directors have not attended any training programmes due to busy business schedules. However, the Directors have been briefed and updated by the company secretary and the senior management on relevant new regulations and statutory requirements during the Audit Committee and Board meetings.

BOARD COMMITTEES

The Board, in discharging its fiduciary duties, is assisted by the following Board Committees, each entrusted with specific tasks and operate within clearly defined terms of reference.

Audit Committee

The Audit Committee was established on 14 January 2004. It presently comprises of three Independent Non-Executive Directors. The Audit Committee Report is set out on pages 21 to 24 of this Annual Report.

Nomination Committee

The Nomination Committee was established on 12 May 2004 and comprises of the following members:-

Chairman
Dato' Nik Ismail bin Dato' Nik Yusoff *(Independent Non-Executive Director)*

Members
Datuk Mohd Hashim bin Hassan *(Independent Non-Executive Director)(Resigned on 1 January 2012)*
Hazli bin Ibrahim *(Independent Non-Executive Director)*
Noorazhar Bin Mohamed Nurdin *(Non-Independent Non-Executive Director)(Appointed on 29 February 2012)*

The Nomination Committee is responsible for making recommendations to the Board on all new Board and Board Committees appointment. The Nomination Committee will also review the required mix of skills and experience of the directors of the Board in determining the appropriate Board balance and size of non-executive participation.

Remuneration Committee

The Remuneration Committee was established on 12 May 2004 and comprises of the following members:-

Chairman
Datuk Mohd Hashim bin Hassan *(Independent Non-Executive Director)(Resigned on 1 January 2012)*
Tan Sri Datuk Adzmi Bin Abdul Wahab *(Independent Non-Executive Director)(Appointed on 24 April 2012)*

Members
Dato' Nik Ismail bin Dato' Nik Yusoff *(Independent Non-Executive Director)*
Hazli bin Ibrahim *(Independent Non-Executive Director)*
Noorazhar Bin Mohamed Nurdin *(Non-Independent Non-Executive Director)(Appointed on 29 February 2012)*

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of Executive Chairman, Managing Director and Executive Directors of the Company in all its forms, drawing from outside advice as necessary. The determination of remuneration packages of Non-Executive Directors is the responsibility of the Board as a whole. Individual directors will abstain from deliberations and voting on decisions in respect of their own remuneration package.

DIRECTORS' REMUNERATION

The objective of the Company's policy on Directors' remuneration is to attract and retain experienced and capable Directors to run the Group successfully. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The Directors' remuneration paid or payable to all the Directors of the Company for the financial year ended 31 December 2011 are as follows:-

	Fees RM	Salaries RM	Total RM
Executive Director	-	204,000	204,000
Non-Executive Directors	150,000	-	150,000
Total	**150,000**	**204,000**	**354,000**

The number of Directors of the Company whose total remuneration falls within the following bands are as follows:-

Range of Remuneration	**Executive**	**Non-Executive**
Less than RM50,000	-	5
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	1	-

There is only one Executive Director whose remuneration details have been disclosed as above. The Board is of the view that it's not necessary to give break-up of remuneration of Non-Executive Directors, which is not considered significant.

STATEMENT ON CORPORATE GOVERNANCE

SHAREHOLDERS

The Board acknowledges the need for shareholders to be informed on all material business matters affecting the Group. In addition to the various announcements made, the timely release of financial results on a quarterly basis provides shareholders and the investing public with an overview of the Group's performance and operations.

In addition, the Board encourages full participation by shareholders at every Annual General Meeting and Extraordinary General Meeting of the Company and opportunity is given to the shareholders to make relevant enquiries and seek clarification on the Group's business activities and financial performance.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospect at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to the shareholders as well as the Chairman's Statement in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' Responsibility Statement in respect of the Audited Financial Statements

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results of the operations, changes in equity and the cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates. The Directors also have a general responsibility for taking such steps to safeguard the assets of the Group and to prevent and detect fraud and irregularities.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company, and ensuring that the financial statements comply with the Act and the applicable approved Financial Reporting Standards in Malaysia.

Internal Control

The Statement on Internal Control is set out on page 25 of this Annual Report.

Relationship with Auditors

The Group has established and maintained an appropriate and transparent relationship with the Group's auditors, both internal and external, particularly in seeking their professional advice and towards ensuring compliance with the accounting standards in Malaysia.

COMPLIANCE WITH BEST PRACTICES IN CORPORATE GOVERNANCE

The Board is of the opinion that the Group has principally complied with the Best Practices in Corporate Governance as set out in the Code throughout the financial year 2011 save as explained above.

STATEMENT ON CORPORATE GOVERNANCE

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following additional information is provided:-

Utilisation of Proceeds

The Company did not raise any funds through any corporate proposals during the financial year.

Share Buybacks

The Company did not have a share buyback programme in place during the financial year.

Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year.

Imposition of Sanctions/Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

There were no non-audit fees paid to the external auditors by the Company during the financial year.

Variation in Results

The Company did not issue any profit estimates, forecasts or projections for the financial year and there was no material variance between the audited results for the financial year and the unaudited results previously announced.

Profit Guarantees

There were no profit guarantees given by the Company during the financial year.

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving the Directors' and major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year except for those recurrent related party transactions of a revenue or trading nature entered into for which shareholders' mandate had been secured.

Revaluation of Landed Properties

The Company did not have any revaluation policy on landed properties during the financial year.

STATEMENT ON CORPORATE GOVERNANCE

Recurrent Related Party Transactions of a Revenue or Trading Nature

The aggregate value of the Recurrent Related Party Transactions of a revenue or trading nature conducted pursuant to the shareholders' mandate during the financial year under review between the Company and/or its subsidiary companies with related parties are set out below:

Nature of Transactions	**Interested Related Party**	**Transaction Value for the Financial Year Ended 31 December 2011 RM**
Construction works awarded to Lebtech Construction Sdn Bhd (LCSB) by Lebar Daun Development Sdn Bhd (LDDSB)	Norazmi bin Mohamed Nurdin(1) Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin(2) Noorazhar bin Mohamed Nurdin(3) Datin Nor Hayati bt Abd Malik(4)	**Nil**
Letting of office premises to LDDSB by LCSB	Norazmi bin Mohamed Nurdin(1) Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin(2) Noorazhar bin Mohamed Nurdin(3) Datin Nor Hayati bt Abd Malik(4)	**168,000**
Letting of office equipment and furniture to LDDSB by LCSB	Norazmi bin Mohamed Nurdin(1) Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin(2) Noorazhar bin Mohamed Nurdin(3) Datin Nor Hayati bt Abd Malik(4)	**44,400**
Construction works awarded to LCSB by Basco Sdn Bhd (BASCO)	Norazmi bin Mohamed Nurdin(1) Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin(2) Noorazhar bin Mohamed Nurdin(3) Norazlan bin Mohamad Nordin(5) Fatmawati bt Kasbin(6)	**64,652,545**
Construction works awarded to BASCO by LCSB	Norazmi bin Mohamed Nurdin(1) Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin(2) Noorazhar bin Mohamed Nurdin(3) Norazlan bin Mohamad Nordin(5) Fatmawati bt Kasbin(6)	**Nil**

Notes:-

(1) Norazmi bin Mohamed Nurdin is the Chairman/Managing Director and a major shareholder of Lebtech Berhad (LEBTECH) and a Director of LCSB (a wholly-owned subsidiary of LEBTECH) and LDDSB. He is the brother of Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin, Noorazhar bin Mohamed Nurdin and Norazlan bin Mohamad Nordin and the brother-in-law to Datin Nor Hayati bt Abd Malik and Fatmawati bt Kasbin.

(2) Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin is a Non-Independent Non-Executive Director and major shareholder of LEBTECH and a Director of LCSB. He is also a Director and major shareholder of LDDSB. He is the spouse of Datin Nor Hayati bt Abd Malik and the brother of Norazmi bin Mohamed Nurdin, Noorazhar bin Mohamed Nurdin and Norazlan bin Mohamad Nordin and the brother-in-law to Fatmawati bt Kasbin.

(3) Noorazhar bin Mohamed Nurdin is a Director of LCSB and LDDSB. He is the brother of Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Norazlan bin Mohamad Nordin and the brother-in-law to Datin Nor Hayati bt Abd Malik and Fatmawati bt Kasbin.

(4) Datin Nor Hayati bt Abd Malik is a major shareholder of LEBTECH. She is also a Director and deemed major shareholder of LDDSB. She is the spouse of Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and the sister-in-law to Norazmi bin Mohamed Nurdin, Noorazhar bin Mohamed Nurdin, Norazlan bin Mohamad Nordin and Fatmawati bt Kasbin.

(5) Norazlan bin Mohamad Nordin is a major shareholder of LEBTECH. He is also a Director and major shareholder of BASCO. He is the spouse of Fatmawati bt Kasbin and the brother of Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Noorazhar bin Mohamed Nurdin and the brother-in-law to Datin Nor Hayati bt Abd Malik.

(6) Fatmawati bt Kasbin is a Director and deemed major shareholder of BASCO. She is the spouse of Norazlan bin Mohamad Nordin and the sister-in-law to Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin, Noorazhar bin Mohamed Nurdin and Datin Nor Hayati bt Abd Malik.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee presently comprises the following members:-

Chairman

Hazli Bin Ibrahim *(Independent Non-Executive Director)*

Members

Tan Sri Datuk Adzmi Bin Abdul Wahab *(Independent Non-Executive Director)*

Dato' Nik Ismail Bin Dato' Nik Yusoff *(Independent Non-Executive Director)*

TERMS OF REFERENCE

1. Objectives

The objective of the Audit Committee is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies. In addition, the Audit Committee shall:-

a) oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;

b) maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and

c) determine the adequacy of the Group's administrative, operating and accounting controls.

2. Membership

The Audit Committee shall be appointed by the Board of Directors from among their number, which fulfils the following requirements:-

a) the Audit Committee must be composed of no fewer than three (3) members;

b) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and

c) at least one (1) member of the Audit Committee:-

i) must be a member of the Malaysian Institute of Accountants; or
ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-

- he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
- he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

No alternate director shall be appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director.

AUDIT COMMITTEE REPORT

In the event of any vacancy in the Audit Committee resulting in the non-compliance of item 2 (a) to (c) above, the vacancy must be filled within three (3) months of that event.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

3. Functions

The functions of the Audit Committee are as follows:-

a) To review the following and report the same to the Board of Directors:-

   i) with the external auditor, the audit plan;
   ii) with the external auditor, his evaluation of the system of internal controls;
   iii) with the external auditor, his audit report;
   iv) the assistance given by the Company's employees to the external auditor; and
   v) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

b) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of a person or persons as external auditors;

c) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

d) To review the quarterly results and year-end financial statements before recommending for the Board of Directors' approval, focusing particularly on:-

   - any changes in accounting policies and practices;
   - significant adjustments arising from the audit;
   - the going concern assumption; and
   - compliance with accounting standards and other legal requirements.

e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);

f) To review the external auditors' management letter and management's response;

g) In relation to Internal Audit function:-

   - Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
   - Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
   - Review any appraisal or assessment of the performance of members of the internal audit function;
   - Approve any appointments or termination of senior staff members of the internal audit function;
   - Inform itself of resignations of internal audit staff members and provide the resigning staff members an opportunity to submit his reasons for resigning;
   - Review and assess the adequacy of the risk management framework and risk assessment.

h) To consider the major findings of internal investigations and management's response;

i) To report to the Bursa Malaysia Securities Berhad matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and

j) To consider other areas as defined by the Board of Directors.

AUDIT COMMITTEE REPORT

4. Authority

The Audit Committee shall, whenever necessary and reasonable for the Company to perform its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

a) have authority to investigate any matter within its terms of reference;
b) have the resources which are required to perform its duties;
c) have full and unrestricted access to any information pertaining to the Company;
d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
e) be able to obtain independent professional or other advice; and
f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

5. Meetings

The Audit Committee shall meet at least four (4) times a year and shall hold such additional meetings as the Chairman shall decide in order to fulfil its duties.

In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any committee member or the internal or external auditors.

A resolution in writing, signed by all the committee members shall be as valid and effective as if it had been deliberated and decided upon at a meeting of the Audit Committee.

Unless otherwise determined by the Audit Committee from time to time, a seven (7) days' notice of all Audit Committee's meetings shall be given to all the committee members either personally or by electronic or by facsimile transmission.

The Head of Internal Audit Department shall be expected to attend all meetings of the Audit Committee.

The Audit Committee may invite other directors and employees of the Company and of the Group, the external auditors or any other person to be in attendance to assist it in its deliberations. However, at least twice a year the Audit Committee shall meet with the external auditors without executive board members present.

A quorum shall consist of a majority of independent directors and shall not be less than two (2).

If at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the committee members present shall elect a Chairman from among the independent directors.

Any questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote except where the quorum is made up of only two (2) members or where only two (2) members are competent to vote on the question at issue.

The Company Secretary shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it in a timely manner, supported by explanatory documentation to committee members prior to each meeting.

The secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to committee members and to the other members of the Board of Directors.

AUDIT COMMITTEE REPORT

MEETINGS

During the financial year ended 31 December 2011, five (5) Audit Committee Meetings were held and the details of attendance of each Audit Committee member are as follows:-

Audit Committee Members	No. of Meetings Attended
Hazli Bin Ibrahim	5/5
Tan Sri Datuk Adzmi Bin Abdul Wahab	5/5
Dato' Nik Ismail Bin Dato' Nik Yusoff	5/5

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee has discharged its duties as set out in its Terms of Reference, which accompany this Report. During the year under review, the following were the activities of the Audit Committee:-

i) Reviewed, discussed and approved the audit plans for the year for the Group and the Company presented by the internal auditor.

ii) Reviewed the adequacy of the scope, functions and staffing requirements of Group's Internal Audit Department to ensure that it was adequately staffed by employees with the relevant skills, knowledge and experience to enable the Group's Internal Audit Department to perform its role and that it has the necessary authority to carry out its work.

iii) Reviewed the internal audit reports. The Audit Committee was briefed on the audit reports issued and on the issues raised by the Internal Auditor on various aspects of the system in operation, practices and procedures and internal controls. Special notice was taken of significant issues raised in the audit reports and that adequate corrective actions have been taken by the Operating Management to rectify the weaknesses.

iv) Reviewed the external auditors' scope of work and audit plan of the year.

v) Reviewed the quarterly results and year-end financial statements prior to the approval by the Board of Directors focusing particularly on:-

- changes in or implementation of major accounting policy changes;
- significant and unusual events; and
- compliance with accounting standards and other legal requirements.

vi) Reviewed the related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that raises questions of Management integrity.

vii) Commissioned special reviews on specific areas of operations.

INTERNAL AUDIT FUNCTION

The Group had an Internal Audit Department which is independent of the activities or operations of the Group and which provides the Audit Committee and the Board with much of the assurance it requires regarding the adequacy and integrity of the internal control.

Its principal responsibility is to undertake regular and systematic review of the system of internal control so as to provide a reasonable assurance that such system operates satisfactorily and effectively in the Group and report to the Audit Committee on a quarterly basis. Internal audit strategy and a detailed Audit Plan are presented to the Audit Committee for approval. The internal audit function adopts a risk-based approach in preparing its audit strategy and plan. The internal audit strategy and plan is developed based on the risk assessment of the Group. The Board ensures that appropriate management responses are given to any key audit findings and the relevant corrective and/or preventive actions are undertaken.

The Board, together with the Internal Audit Department and the Management, are taking the necessary measures for the continuous improvement of the internal control environment.

During the financial year, the total cost incurred for the internal audit function is RM110,460.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance sets out the principle that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") requires the Board of Directors of listed companies to include a statement on internal control in its annual report.

RESPONSIBILITY

The Board of Directors of the Company recognises the importance of a sound system of internal control as part of good corporate governance within the Group. The Board affirms its overall responsibility for the Group's system of internal control and for the review of its adequacy and integrity. The Group has developed an internal control system with on-going processes to:-

- Identify, evaluate, monitor and manage significant risk affecting achievement of the Group's business objectives; and
- Review the adequacy and integrity of the Group's system of internal control itself.

However, such a system is designed to manage risk rather than to eliminate risk of failure to achieve the policies and business objectives of the Group. It can only provide reasonable assurance, but not absolute assurance, against material misstatement of management and financial information and records or against financial losses or fraud.

The Board is of the view that the system of internal control in place for the year under review and up to the date of issuance of the annual report and financial statements is sound and sufficient based on the review performed by the internal audit department to safeguard the shareholders' investment, the interests ofcustomers, regulators and employees and the Group's assets.

The management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

RISK MANAGEMENT FRAMEWORK

The Group's identification and review of risks are carried out during Head of Departments (HOD) meetings as an on-going process. The Group updates as required the status of its risk profile in the process of identifying, evaluating and managing the significant risks faced by the Group. The topics that were discussed include project management, sales and marketing, accounts, procurement, contract, safety and health, and information technology.

The other key elements of the Group's system of internal control are as follows:-

- There is an organisation structure, which formally defines and entrench lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.
- Key functions such as finance, tax and treasury, corporate and legal matters, human resource and administration, information technology are controlled centrally.
- HOD meetings were held five (5) times during the year to review and oversee the Group's financial performance, business development, management and corporate issues.
- The Group produces consolidated quarterly performances, which allow the management to focus on areas of concern from the data captured in the financial system.
- The Audit Committee examines the effectiveness of the Group's systems of internal control on behalf of the Board. This is accomplished through review of the internal audit department's work. The internal audit department independently reviews the risk identification procedures and control processes implemented by the management and reports to the Audit Committee quarterly. Internal audit department also reviews the internal controls in the key activities of the Group's business and functional units in accordance with the audit plan approved by the Audit Committee and the Board.
- An Employee Handbook clearly emphasises ethical behaviour and working environment to enhance positive corporate values.
- Surprise visits to project sites by the Managing Director and senior management on an ad-hoc basis.

The Board is cognisant of the importance of maintaining appropriate controls and will continue to review the adequacy and integrity of the Group's system of internal control.

DIRECTORS' REPORT

for the year ended 31 December 2011

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 2011.

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

Results

	Group RM	Company RM
Profit/ (Loss) for the year	1,219,122	(290,098)
Profit/(loss) attributable to :		
Owners of the parent	1,219,122	(290,098)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review 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 year under review.

Directors

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

Norazmi bin Mohamed Nurdin	
Tan Sri Datuk Adzmi bin Abdul Wahab	
Dato' Nik Ismail bin Dato' Nik Yusoff	
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	
Hazli bin Ibrahim	
Noorazhar bin Mohamed Nurdin	(Appointed w.e.f 29.2.2012)
Datuk Mohd Hashim bin Hassan	(Resigned w.e.f. 1.1.2012)

DIRECTORS' REPORT

for the year ended 31 December 2011

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 1.1.2011	**Bought**	**Sold**	**At 31.12.2011**
Shareholdings in which Directors have direct interest				
Norazmi bin Mohamed Nurdin	8,082,000	-	-	8,082,000
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	59,751,000	-	-	59,751,000
Hazli bin Ibrahim	554,400	-	-	554,400
Shareholdings in which Directors have deemed interests				
Norazmi bin Mohamed Nurdin	78,076,800	-	-	78,076,800
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	26,407,800	-	-	26,407,800
Hazli bin Ibrahim	157,000	-	-	157,000

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

None of the other Directors holding office at 31 December 2011 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.

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 comprehensive income and statements of financial position 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.

DIRECTORS' REPORT

for the year ended 31 December 2011

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 2011 were not substantially affected by any item, transaction or event of a material and unusual nature other than the write down of investment in quoted shares of RM1,129,850 and impairment loss on trade amount due from related companies of RM1,155,852 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.

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,

Date: 24 April 2012

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Non Current Assets					
Property, plant and equipment	5	**3,590,658**	3,546,335	**1**	1
Intangible assets	6	**11,803,642**	11,803,642	**-**	-
Investment properties	7	**525,000**	540,000	**-**	-
Investments in subsidiaries	8	**-**	-	**74,500,002**	74,500,002
Deferred tax assets	9	**5,048,156**	5,048,156	**-**	-
Total non-current assets		**20,967,456**	20,938,133	**74,500,003**	74,500,003
Current Assets					
Available for sale financial assets	10	**4,788,707**	10,237,210	**-**	-
Trade and other receivables	11	**149,894,276**	147,644,165	**3,324,547**	3,587,614
Current tax assets		**27,294**	27,294	**27,294**	27,294
Cash and cash equivalents		**2,385,360**	3,239,405	**5,594**	2,625
Total current assets		**157,095,637**	161,148,074	**3,357,435**	3,617,533
Total assets		**178,063,093**	182,086,207	**77,857,438**	78,117,536
Equity					
Share capital	13	**68,241,838**	68,241,838	**68,241,838**	68,241,838
Reserves		**10,477,946**	11,847,683	**10,477,946**	10,477,946
Retained earnings/(Accumulated losses)		**27,865,759**	26,646,637	**(1,057,272)**	(767,174)
Total equity		**106,585,543**	106,736,158	**77,662,512**	77,952,610
Non Current Liabilities					
Loans and borrowings	14	**155,911**	-	**-**	-
Total non-current liabilities		**155,911**	-	**-**	-
Current Liabilities					
Deferred income	15	**1,998,301**	2,004,383	**-**	-
Trade and other payables	16	**61,268,084**	66,085,492	**194,926**	164,926
Current tax liabilities		**259,117**	254,979	**-**	-
Loans and borrowings	14	**7,796,137**	7,005,195	**-**	-
Total current liabilities		**71,321,639**	75,350,049	**194,926**	164,926
Total liabilities		**71,477,550**	75,350,049	**194,926**	164,926
Total equity and liabilities		**178,063,093**	182,086,207	**77,857,438**	78,117,536

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Revenue		**76,460,839**	101,061,629	**-**	-
Cost of sale		**(67,880,160)**	(90,307,235)	**-**	-
Gross profit		**8,580,679**	10,754,394	**-**	-
Other income		**2,107,537**	1,705,713	**-**	-
Administrative expenses		**(6,575,412)**	(5,253,905)	**(290,098)**	(416,779)
Other operating expenses		**(1,155,852)**	(5,256,325)	**-**	-
Results from operating activities		**2,956,952**	1,949,877	**(290,098)**	(416,779)
Interest income		**66,723**	24,302	**-**	-
Finance costs		**(539,056)**	(502,378)	**-**	(277)
Profit/(Loss) before tax	17	**2,484,619**	1,471,801	**(290,098)**	(417,056)
Income tax expense	19	**(1,265,497)**	(221,549)	**-**	-
Profit/(Loss) for the year attributable to owners of the parent		**1,219,122**	1,250,252	**(290,098)**	(417,056)
Other comprehensive expense, net of tax					
Gain on fair value changes for available-for-sale financial assets		**(1,369,737)**	(1,306,080)	**-**	-
Total comprehensive expense for the year attributable to owners of the parent		**(150,615)**	(55,828)	**-**	-
Basic earnings per ordinary share (sen) attributable to owners of the parent	20	**0.89**	0.92		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2011

	← *Non-distributable*		→	*Distributable*	
Group	**Share capital RM**	**Fair value reserve RM**	**Share premium RM**	**Retained earnings/ (Accumulated losses) RM**	**Total equity RM**
At 1 January 2010, restated	68,241,838	2,675,817	10,477,946	25,396,385	106,791,986
Profit for the year	-	-	-	1,250,252	1,250,252
Other comprehensive income	-	(1,306,080)	-	-	(1,306,080)
Total comprehensive income for the year	-	(1,306,080)	-	1,250,252	(55,828)
At 31 December 2010/1 January 2011, restated	68,241,838	1,369,737	10,477,946	26,646,637	106,736,158
Profit for the year	-	-	-	1,219,122	1,219,122
Other comprehensive income	-	(1,369,737)	-	-	(1,369,737)
Total comprehensive income for the year	-	(1,369,737)	-	1,219,122	(150,615)
	68,241,838	-	10,477,946	27,865,759	106,585,543
	Note 13				

Company	**Share capital RM**	**Fair value reserve RM**	**Share premium RM**	**Retained earnings/ (Accumulated losses) RM**	**Total equity RM**
At 1 January 2010	68,241,838	-	10,477,946	(350,118)	78,369,666
Loss for the year	-	-	-	(417,056)	(417,056)
Total comprehensive income for the year	-	-	-	(417,056)	(417,056)
At 31 December 2010/1 January 2011	68,241,838	-	10,477,946	(767,174)	77,952,610
Loss for the year	-	-	-	(290,098)	(290,098)
Total comprehensive income for the year	-	-	-	(290,098)	(290,098)
	68,241,838	-	10,477,946	(1,057,272)	77,662,512
	Note 13				

The notes on pages 34 to 69 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Cash flows from operating activities					
Profit/(Loss) before tax		**2,484,619**	1,471,801	**(290,098)**	(417,056)
Adjustments for:					
Allowance for doubtful debts		**500,000**	254,164	**-**	-
Depreciation of property, plant and equipment		**425,759**	405,400	**-**	12,018
Depreciation of investment properties	5	**15,000**	15,000	**-**	-
Dividend income		**(227,012)**	(431,950)	**-**	-
Finance costs		**539,056**	502,378	**-**	-
Gain on disposal of investment in quoted shares		**(164,042)**	(134,797)	**-**	-
Gain on disposal of property, plant and equipment		**(119,999)**	(129,999)	**-**	-
Interest income		**(66,723)**	(24,302)	**-**	-
Impairment in investment in subsidiary		**-**	-	**-**	62,967
Impairment loss on investment in quoted shares		**1,129,850**	678,825	**-**	-
Impairment loss on receivables		**1,155,852**	4,831,664	**-**	-
Reversal of trade payables		**(1,267,484)**	-	**-**	-
Reversal of provision for doubtful debt		**(116,600)**	-	**-**	-
Operating profit/ (loss) before changes in working capital		**4,288,276**	7,438,184	**(290,098)**	(342,071)
Inventories		**-**	29,043	**-**	-
Trade and other payables		**(3,593,026)**	(1,967,007)	**30,000**	-
Trade and other receivables		**(3,795,450)**	(3,690,562)	**-**	-
Cash flow (used in)/generated from operations		**(3,100,200)**	1,809,658	**(260,098)**	(342,071)
Interest received		**66,723**	24,302	**-**	-
Interest paid		**(539,056)**	(502,378)	**-**	-
Tax paid		**(1,261,360)**	(927,723)	**-**	-
Net cash flows (used in)/generated from operating activities		**(4,833,893)**	403,859	**(260,098)**	(342,071)
Cash flows from/(used in) investing activities					
Acquisition of investment in quoted shares		**-**	(1,955,235)	**-**	-
Acquisition of property, plant and equipment		**(470,083)**	(251,306)	**-**	352,076
Advance to related companies		**43,109**	39,022	**-**	-
Dividend received		**227,012**	431,950	**-**	-
Proceeds from disposal of investment in quoted shares		**3,112,957**	1,976,868	**-**	-
Proceeds from disposal of property, plant and equipment		**120,000**	130,000	**-**	-
Repayment to subsidiaries		**-**	-	**263,067**	-
Net cash flows from investing activities		**3,032,995**	371,299	**263,067**	352,076

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cash flows from/(used in) financing activities					
Drawdown of borrowings		**62,000**	526,000	**-**	-
Drawdown/(Repayment) of hire purchase liabilities		**253,284**	(57,898)	**-**	(13,694)
Increase in pledged deposits		**(65,093)**	(51,452)	**-**	-
Net cash flows from/(used in) financing activities		**250,191**	416,650	**-**	(13,694)
Net (decrease)/increase in cash and cash equivalents		**(1,550,707)**	1,191,808	**2,969**	(3,689)
Cash and cash equivalents at 1 January		**(2,955,712)**	(4,147,520)	**2,625**	6,314
Cash and cash equivalents at 31 December	12	**(4,506,419)**	(2,955,712)	**5,594**	2,625

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

Lebtech Berhad (formerly known as Lebar Daun 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.

With effect from 29 June 2011, the name of the Company was changed from Lebar Daun Berhad to Lebtech Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 April 2012.

2. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS) and the provisions of Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 3.

The financial statements have been prepared on the historical cost basis unless otherwise stated in the notes.

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

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

3. Changes in accounting policies and effects arising from adoption of new and revised FRS, amendments to FRS and interpretations.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the Group and the Company adopted the following new and amended FRSs and IC Interpretations:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
FRS 3 Business Combinations	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1 Limited Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1 Additional Exemptions for First-time Adopters	1 January 2011
IC Interpretation 4 Determining Whether an Arrangement contains a Lease	1 January 2011
Improvements to FRS issued in 2010	1 January 2011

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and of the Company.

Malaysia Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012.

The directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 would not be significantly different if prepared under MFRS Framework.

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.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's separate financial statements at cost less accumulated impairment losses, if any.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(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 recognise 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.

(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.

4. Significant accounting policies (continued)

(b) Financial instruments (continued)

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

Financial assets *(continued)*

(b) Available-for-sale financial assets

Available for sale 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 income statement. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into income statement. Interest calculated for a debt instrument using the effective interest method is recognised income statement.

All financial assets are subject to review for impairment losses (see note 4(l)(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 are subsequently measured at their fair values with the gain or loss recognised in income statement.

(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 income statement using a straight-line method over the contractual period or, when there is no specified contractual period recognised in income statement 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 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

4. Significant accounting policies (continued)

(b) Financial instruments (continued)

(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 and 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 the income statement.

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 the income statement.

(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.

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 the statement of comprehensive income.

(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 the statement of comprehensive income as incurred.

4. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation

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 the statement of comprehensive income 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

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

(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 statement of comprehensive income.

(ii) Amortisation

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.

4. Significant accounting policies (continued)

(e) Investments 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 the statement of comprehensive income on a straight-line basis over the estimated useful lives of fifty (50) years for buildings.

Determination of fair value

The Directors estimate the fair values of the Company's investment properties without involvement of independent valuers.

The valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate, the type of tenants likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Company and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Significant assumptions in arriving at the fair value of investment properties are disclosed in note 7.

(f) Leased assets

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, 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.

(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.

4. Significant accounting policies (continued)

(h) Receivables

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 statement 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 statement of financial position.

(j) Investments

Investments are carried at the lower at cost and market value, determined on an individual investment basis.

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

Where in the opinion of the Directors, there is a decline other than temporary in the value of investments other than investment in subsidiaries, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

Following the adoption of FRS 139, investments are categorised as available-for-sale financial assets in accordance with note 4(b).

(k) 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).

(l) 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.

An impairment loss in respect of loans and receivables is recognised in income statement 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.

4. **Significant accounting policies** (continued)

(l) **Impairment** (continued)

(i) **Financial assets** (continued)

An impairment loss in respect of available-for-sale financial assets is recognised in the income statement 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 income statement.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in income statement 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 income statement for an investment in an equity instrument is not reversed through the income statement.

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 income statement, 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 the income statement.

(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. 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 the statement of comprehensive income. 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 prorata 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 statement of comprehensive income in the year in which the reversals are recognised.

4. Significant accounting policies (continued)

(m) 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 contribution to statutory pension funds are charged to the statements of comprehensive income in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) 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.

(o) Revenue

(i) 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.

(ii) 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 the statement of comprehensive income in proportion to the stage of completion of the contact.

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 the statement of comprehensive income.

4. Significant accounting policies (continued)

(p) Other income

(i) Rental income

Rental income from investment property is recognised in the statement of comprehensive income 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 statement of comprehensive income on the date that the Company has the right to receive payment is established.

(iii) Interest income

Interest income is recognised as it accrues, using the effective interest method in statement of comprehensive income.

(q) Borrowing costs

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

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.

(r) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in statement of comprehensive income 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.

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 either 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.

4. Significant accounting policies (continued)

(s) 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 statement of comprehensive income 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 statement of comprehensive income 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.

(t) 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 FRS 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.

(u) 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 statement of comprehensive income. Dividends to shareholders are recognised in equity in the period in which they are declared and approved.

5. Property, plant and equipment

Group *Cost*	Leasehold land and buildings RM	Motor vehicles RM	Plant and machinery, office, tele-communication equipment RM	Fixtures, fittings and renovation RM	Total RM
At 1 January 2010	3,566,005	2,999,076	898,853	260,290	7,724,224
Additions	-	201,661	49,645	-	251,306
Disposals	-	(394,466)	-	-	(394,466)
At 31 December 2010/1 January 2011	3,566,005	2,806,271	948,498	260,290	7,581,064
Additions	-	431,295	38,788	-	470,083
Disposals	-	(475,000)	-	-	(475,000)
At 31 December 2011	3,566,005	2,762,566	987,286	260,290	7,576,147
Depreciation					
At 1 January 2010	427,920	2,601,052	782,279	212,544	4,023,795
Depreciation for the year	71,320	242,095	81,548	10,437	405,400
Disposals	-	(394,466)	-	-	(394,466)
At 31 December 2010/1 January 2011	499,240	2,448,681	863,827	222,981	4,034,729
Depreciation for the year	71,320	281,446	62,556	10,437	425,759
Disposals	-	(474,999)	-	-	(474,999)
At 31 December 2011	570,560	2,255,128	926,383	233,418	3,985,489
Carrying amounts					
At 31 December 2010	3,066,765	357,590	84,671	37,309	3,546,335
At 31 December 2011	2,995,445	507,438	60,903	26,872	3,590,658

5. Property, plant and equipment (continued)

Company	**Motor vehicles RM**
Cost	
At 1 January 2010/31 December 2011	103,017
Depreciation	
At 1 January 2010	90,998
Depreciation for the year	12,018
At 31 December 2010/1 January 2011	103,016
Depreciation for the year	-
At 31 December 2011	103,016
Carrying amounts	
At 31 December 2010	1
At 31 December 2011	1

Motor vehicle acquired on hire purchase

At 31 December 2011, the Group and the Company has motor vehicle acquired by means of hire purchase agreement with carrying value of RM380,977 (2010: RM190,000) and RM1 (2010: RM1) respectively. The new motor vehicle is registered under the name of a director via trust deeds.

Depreciation for the year

The Group's depreciation during the year amounting to RM8,008 (2010: RM2,895) has been capitalised in the amount due from contract customers included under trade and other receivables in note 11.

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.

NOTES TO THE FINANCIAL STATEMENTS

6. Intangible assets

	Group	
	2011	**2010**
	RM	**RM**
Goodwill	**11,803,642**	11,803,642

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%.

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

Group	**Freehold land and building RM**
Cost	
At 1 January 2010/31 December 2011	750,000
Accumulated Depreciation	
At 1 January 2010	195,000
Depreciation for the year	15,000
At 31 December 2010/1 January 2011	210,000
Depreciation for the year	15,000
At 31 December 2011	225,000

7. Investment properties (continued)

	Freehold land and building RM
Carrying amounts	
At 31 December 2010/1 January 2011	540,000
At 31 December 2011	525,000
Fair value	
At 31 December 2010/31 December 2011	1,860,000

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 made on 17 January 2011 by external valuer.

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

	2011 RM	2010 RM
Direct operating expenses	7,280	5,611

Investment property is located in Malaysia and comprise:

Property	**Title**	**Approximate net lettable area**
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 2011, the properties are pledged to a licensed bank to secure banking facilities granted to the Group (see note 14).

8. Investments in subsidiaries

	Company 2011 RM	2010 RM
At cost:		
Unquoted shares	**74,700,002**	74,700,002
Less:Accumulated impairment	**(200,000)**	(200,000)
	74,500,002	74,500,002

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2011 %	2010 %
Lebtech Construction Sdn. Bhd. *(formerly known as Lebar Daun Construction Sdn. Bhd.)*	Malaysia	Civil and building construction	**100**	100
Lebtech Energy Sdn. Bhd.	Malaysia	Trading and services	**100**	100
Paksi Aman Sdn. Bhd.	Malaysia	Dormant	**100**	100

* All subsidiaries are audited by Afrizan Tarmili Khairul Azhar

The audit report of Lebtech Construction Sdn. Bhd. (formerly known as Lebar Daun Construction Sdn. Bhd.) contains a qualified opinion as follows:

Basis for Qualified Opinion

Included in the Company's trade payables are amounts totaling approximately RM7.0 million which have been reduced from RM22 million in previous year, that remained since prior period. We were unable to confirm the existence and accuracy of most of these balances via direct confirmation, telephone contacts or other means. Consequently we were not able to obtain sufficient appropriate audit evidence to establish the existence and accuracy of these liabilities.

The management has decided to continue its efforts to confirm and settle the outstanding amount due to the trade creditors.

9. Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

Group	Assets 2011 RM	Assets 2010 RM	Liabilities 2011 RM	Liabilities 2010 RM	Net 2011 RM	Net 2010 RM
Property, plant and equipment	**-**	-	**(43,317)**	(43,317)	**(43,317)**	(43,317)
Provisions	**5,091,473**	5,091,473	**-**	-	**5,091,473**	5,091,473
Net tax assets	**5,091,473**	5,091,473	**(43,317)**	(43,317)	**5,048,156**	5,048,156

Movement in temporary differences during the year

Group	At 1.1.2010 RM	Recognised in income statement (note 19) RM	At 31.12.2010/ 1.1.2011 restated RM	Recognised in income statement (note 19) RM	At 31.12.2011 RM
Property, plant and equipment	(391,829)	348,512	(43,317)	-	(43,317)
Provisions	3,947,100	1,144,373	5,091,473	-	5,091,473
	3,555,271	1,492,885	5,048,156	-	5,048,156

10. Available for sale financial assets

Group	2011 RM
Current	
Available-for-sale financial assets Quoted shares in Malaysia	**4,788,707**
Market value	
Available-for-sale financial assets Quoted shares in Malaysia	**4,788,707**

	2010 RM
Current	
Available-for-sale financial assets Quoted shares in Malaysia	10,237,210
Market value	
Available-for-sale financial assets Quoted shares in Malaysia	10,237,210

11. Trade and other receivables

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Current					
Trade					
Trade receivables	a	**2,255,164**	3,117,920	**-**	-
Amount due from contract customers	b	**15,416,572**	14,629,503	**-**	-
Amount due from related parties	c	**131,846,516**	129,414,277	**-**	-
		149,518,252	147,161,700	**-**	-
Non-trade					
Amount due from subsidiaries	d	**-**	-	**3,324,337**	3,587,404
Other receivables		**181,114**	293,563	**210**	210
Deposits		**182,320**	180,320	**-**	-
Prepayments		**12,590**	8,582	**-**	-
		376,024	482,465	**3,324,547**	3,587,614
		149,894,276	147,644,165	**3,324,547**	3,587,614

Note a

Included in trade receivables at 31 December 2011 are retention sums of RM1,742,400 (2010: RM1,880,202) relating to amount due from contract customers.

The Group's credit policy provide trade receivable with credit period of up to 60 days (2010: 60 days). Significant credit and recovery risks associated with receivable have been provided for in the financial statement.

Note b

Amount due from contract customers

	Note	Group 2011 RM	Group 2010 RM
Aggregate costs incurred to date		**381,314,328**	362,829,359
Add: Attributable profits		**51,630,077**	52,495,085
		432,944,405	415,324,444
Less: Progress billings		**(419,526,134)**	(402,699,324)
		13,418,271	12,625,120
Deferred income	15	**1,998,301**	2,004,383
		15,416,572	14,629,503

Additions to aggregate costs incurred during the year include:

	2011	2010
Depreciation of property, plant and equipment	**8,008**	2,895

11. Trade and other receivables (continued)

Note c

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 2011 are retention sums of RM30,953,529 (2010: RM27,814,867) relating to amount due from contract customers.

Note d

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

12. Cash and cash equivalents

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Deposits placed with licensed banks	**2,331,015**	2,265,922	**-**	-
Cash and bank balances	**54,345**	973,483	**5,594**	2,625
	2,385,360	3,239,409	**5,594**	2,625
Bank overdraft repayable on Demand - unsecured	**(4,560,764)**	(3,929,195)	**-**	-
Less: Deposits pledged	**(2,331,015)**	(2,265,922)	**-**	-
	(4,506,419)	(2,955,712)	**5,594**	2,625

Deposits placed with licensed banks pledged for a bank facility

Included in the Groups deposits placed with licensed banks are RM1,188,595 (2010: RM1,155,030) pledged for banking facilities granted to a subsidiary and RM1,142,420 (2010: RM1,110,892) pledged as collateral for bank guarantee facility granted to third parties as disclosed in note 14.

13. Capital and reserves

Share capital

	Group and Company			
	Amount 2011 RM	**Number of shares 2011**	Amount 2010 RM	Number of shares 2010
Authorised:				
Ordinary shares of RM0.50 each	**250,000,000**	**500,000,000**	250,000,000	500,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each				
On issue at 31 December	**68,241,838**	**136,483,676**	68,241,838	136,483,676

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 2011 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.

14. 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.

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Non-current				
Finance lease liabilities	**155,911**	-	**-**	-
Current				
Banker acceptance	**3,138,000**	3,076,000	**-**	-
Finance lease liabilities	**97,373**	-	**-**	-
Bank overdraft	**4,560,764**	3,929,195	**-**	-
	7,796,137	7,005,195	**-**	-
Total	**7,952,048**	7,005,195	**-**	-

14. Loans and borrowings (continued)

Security

The first bank overdraft amounting to RM2,440,109 (2010: RM2,442,890) bears interest at 1.75% to 3.60% (2010: 1.75% to 2.00%) 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 RM1,188,595.

The second bank overdraft amounting to RM1,494,846 (2010: RM1,486,305) bears interest at 2.00 % (2010: 2.00%) per annum above the bank's Base Lending Rate and is secured by the followings:

a) third party first legal charge of RM2,000,000 over properties owned by a director; and
b) personal guarantee for RM2,000,000 by a director.

The third bank overdraft amounting to RM625,809 (2010: Nil) bears interest at 2.00% (2010: Nil) per annum above the bank's Base Lending Rate and is secured by the followings:

a) registered charge of RM2,000,000 over properties owned by the Group with a carrying amount of RM525,000 (2010: RM540,000) (see note 7); and
b) corporate guarantee for RM 2,000,000 by the Company.

The first bankers acceptance amounting to RM2,846,000 (2010: RM3,076,000) bears interest at 2.00% (2010: 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) registered charge of RM2,000,000 over properties owned by the Group with a carrying amount of RM525,000 (2010: RM540,000) (see note 7); and
b) corporate guarantee for RM 2,000,000 by the Company.

The second bankers acceptance amounting to RM292,000 (2010: NIL) bears interest at 1.50% (2010: 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:

a) third party first legal charge of RM2,500,000 over properties owned by a director;
b) corporate guarantee for RM2,500,000 by the Company; and
c) registered charge over fixed deposit of RM1,188,595 (2010 : RM1,155,030).

Finance lease liabilities

Finance lease liabilities were payable as follows:

	Future minimum lease payments 2011 RM	Interest 2011 RM	Present value of minimum lease payment 2011 RM
Group			
Less than one year	**145,184**	**10,727**	**155,911**
Between one and five years	**91,134**	**6,239**	**97,373**

Interest rate on finance leases for the 2011 financial year was 2.7% per annum on a flat rate basis.

NOTES TO THE FINANCIAL STATEMENTS

15. Deferred income

	Note	Group 2011 RM	Group 2010 RM
Current			
Customer advances for construction work-in-progress	11	**1,998,301**	2,004,383

16. Trade and other payables

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Trade					
Trade payables	a	**60,723,195**	65,512,992	**-**	-
Non-trade					
Amount due to a related party	b	**174,759**	131,651	**-**	-
Other payables		**218,248**	196,492	**179,926**	2
Accrued expenses		**151,882**	244,427	**15,000**	64,924
		544,889	572,570	**194,926**	164,926
		61,268,084	66,085,492	**194,926**	164,926

Note a

i) The normal trade terms granted to the Group range from 30 days to 90 days (2010: 30 to 90 days).

ii) Included in the trade payables are:-

a) Amount totaling RM2,742,004 (2010: RM2,748,760) owing to a related party.
b) Amount totaling RM16,246,405 (2010: RM16,383,914) are retention sums.

iii) The Group's trade payables, net of retention sum, includes long outstanding balance which had remained since prior period. The management decided to continue its efforts to confirm and settle the outstanding amount due to trade creditors.

Note b

Amount due to a related party is unsecured, interest free and repayable on demand.

17. Profit/(Loss) before tax

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit/(loss) before tax is arrived at after charging:				
Depreciation of investment properties	**15,000**	15,000	**-**	-
Auditors' remuneration:				
- audit services	**91,000**	91,000	**15,000**	15,000
- other service	**24,000**	-	**-**	-
Depreciation on property, plant and equipment	**425,759**	405,400	**-**	12,018
Impairment loss:				
- allowance for doubtful debts	**500,000**	254,164	**-**	-
- trade receivables	**-**	342,717	**-**	-
- trade amount due from related companies	**1,155,852**	4,488,947	**-**	-
- investment in subsidiaries	**-**	-	**-**	62,967
Interest expense on:				
- bank overdraft	**363,458**	356,529	**-**	-
- borrowings	**168,265**	145,261	**-**	-
- finance lease	**7,333**	588	**-**	277
Impairment on available for sale investment	**1,129,850**	678,825	**-**	-
Personal expenses (including key management personnel):				
- contribution to Employees Provident Fund	**301,555**	297,690	**-**	-
- wages, salaries and others	**2,858,469**	2,827,203	**150,000**	150,000
and after crediting:				
Dividend income	**(227,012)**	(431,950)	**-**	-
Gain on disposal of investment in quoted shares	**(164,042)**	(933,163)	**-**	-
Gain on disposal of property, plant and equipment	**(119,999)**	(129,999)	**-**	-
Interest income	**(66,723)**	(24,302)	**-**	-
Reversal of trade payables	**(1,267,484)**	-	**-**	-
Reversal of provision for doubtful Debt	**(116,600)**	-	**-**	-
Rental income from building	**(168,000)**	(166,600)	**-**	-
Rental income from equipments	**(44,400)**	(44,000)	**-**	-

18. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Director				
- remuneration	**354,000**	354,000	**150,000**	150,000
- other short term employee benefits	**24,480**	24,480	**-**	-

19. Income tax expense

Recognised in the income statement

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current tax expense				
Malaysian - current year	**1,265,497**	1,697,772	**-**	-
- prior year	**-**	16,662	**-**	-
Total current tax	**1,265,497**	1,714,434	**-**	-
Deferred tax expense				
Origination and reversal of temporary differences	**-**	(1,191,878)	**-**	-
Underprovision in prior years	**-**	(301,007)	**-**	-
Total deferred tax	**-**	(1,492,885)	**-**	-
Total tax expense	**1,265,497**	221,549	**-**	-

Reconciliation of effective tax expense

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Profit/(Loss) excluding tax	**2,484,619**	1,471,801	**(290,098)**	(417,056)
Tax at Malaysian tax rate of 25%	**621,155**	367,950	**(72,524)**	(83,411)
Non-deductible expenses	**1,367,795**	228,047	**72,524**	83,411
Non-taxable income	**(723,453)**	(215,079)	**-**	-
Changes in previously recognised deferred tax	**-**	124,976	**-**	-
	1,265,497	505,894	**-**	-
Under/(over) provision in prior years:				
- Current tax provision	**-**	16,662	**-**	-
- Deferred tax expense	**-**	(301,007)	**-**	-
	1,265,497	221,549	**-**	-

20. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2011 was based on the profit attributable to ordinary shareholders of RM1,219,122 (2010: RM1,250,252) and 136,483,676 (2010: 136,483,676) ordinary shares outstanding during the year.

21. Segment reporting

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

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)

Group	Carrying amount RM	L&R RM	OL RM	AFS RM
2011				
Financial assets				
Available for sale financial assets	**4,788,707**	**-**	**-**	**4,788,707**
Trade and other receivables	**149,699,366**	**149,699,366**	**-**	**-**
	154,488,073	**149,699,366**	**-**	**4,788,707**
Financial liabilities				
Loans and borrowings	**7,952,048**	**-**	**7,952,048**	**-**
Trade and other payables	**61,116,202**	**-**	**61,116,202**	**-**
	69,068,250	**-**	**69,068,250**	**-**

22. Financial instruments (continued)

22.1 Categories of financial instruments (continued)

Company	Carrying amount RM	L&R RM	OL RM	AFS RM
2011				
Financial assets				
Trade and other receivables	**3,324,547**	**3,324,547**	**-**	**-**
Financial liabilities				
Other payables	**179,926**	**-**	**179,926**	**-**
Group				
2010				
Financial assets				
Available for sale financial assets	10,237,210	-	-	10,237,210
Trade and other receivables	147,455,263	147,455,263	-	-
	157,692,473	147,455,263	-	10,237,210
Financial liabilities				
Loans and borrowings	7,005,195	-	7,005,195	-
Trade and other payables	65,841,065	-	65,841,065	-
	72,846,260	-	72,846,260	-
Company				
2010				
Financial assets				
Trade and other receivables	3,587,614	3,587,614	-	-

22. Financial instruments (continued)

22.2 Net gain arising from financial instruments

	2011 RM	2010 RM
Group		
Available-for-sale financial assets		
- recognised in other comprehensive income	**1,369,737**	1,306,080

22.3 Financial risk management

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

22. Financial instruments (continued)

22.4 Credit risk (continued)

Receivables (continued)

Impairment losses

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

	Gross RM	Collective impairment RM	Net RM
2011			
Not past due	**63,257,023**	**-**	**63,257,023**
Past due 0-120 days	**31,784,539**	**-**	**31,784,539**
Past due 121-365 days	**10,990,182**	**-**	**10,990,182**
Past due more than 365 days	**65,683,724**	**(22,197,216)**	**43,486,508**
	171,715,468	**(22,197,216)**	**149,518,252**
2010			
Not past due	86,833,030	-	86,833,030
Past due 0-120 days	34,797,003	-	34,797,003
Past due 121-365 days	29,959,505	(4,427,838)	25,531,667
Past due more than 365 days	16,230,126	(16,230,126)	-
	167,819,664	(20,657,964)	147,161,700

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

	2011 RM	2010 RM
At 1 January, as previously stated	**20,657,964**	37,900
Effect of adoption of FRS 139	**-**	15,788,400
At 1 January, restated	**20,657,964**	15,826,300
Charged for the year	**1,655,852**	4,831,664
Reversal of impairment losses	**(116,600)**	-
At 31 December	**22,197,216**	20,657,964

22. Financial instruments (continued)

22.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

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.

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 RM7,952,048 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. Financial instruments (continued)

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 and borrowings.

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:

	Carrying amount RM	Contractual interest rate %	Contractual flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2011							
Banker acceptance	**3,138,000**	**8.60**	**3,407,868**	**3,407,868**	**-**	**-**	**-**
Finance lease liabilities	**253,284**	**2.70**	**260,123**	**100,003**	**160,120**	**-**	**-**
Bank overdrafts	**4,560,764**	**8.60**	**4,952,990**	**4,952,990**	**-**	**-**	**-**
Trade and other payables	**61,116,202**	**-**	**61,116,202**	**61,116,202**	**-**	**-**	**-**
	69,068,250		**69,737,183**	**69,577,063**	**160,120**	**-**	**-**
2010							
Banker acceptance	3,076,000	8.30	3,331,308	3,331,308	-	-	-
Bank overdrafts	3,929,195	8.30	4,225,318	4,225,318	-	-	-
Trade and other payables	65,841,065	-	65,841,065	65,841,065	-	-	-
	72,846,260		73,397,691	73,397,691	-	-	-

22. Financial instruments (continued)

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:

	2011 RM	2010 RM
Fixed rate instruments		
Financial assets	**2,331,015**	2,265,922
Financial liabilities	**(253,284)**	-
	2,077,731	2,265,922
Floating rate instruments		
Financial liabilities	**7,698,764**	6,705,195

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 income statement.

22. Financial instruments (continued)

22.6 Market risk (continued)

Interest rate risk (continued)

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 statement of comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Statement of comprehensive income	
	100 bp Increase RM	100 bp decrease RM
2011		
Floating rate instruments	**(57,740)**	**57,740**
2010		
Floating rate instruments	(50,238)	50,238

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).

A 10 percent strengthening in FBMKLCI at the end of the reporting period would have increased equity by RM478,870 and post tax statement of comprehensive income by RM359,153. At 10 percent weakening in FBMKLCI would have had equal but opposite effect on equity and statement of comprehensive income respectively.

22.8 Fair value of financial instruments

The varying 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.

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 on optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and make 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. The Group includes within its net debt, term loan, payables, less cash and bank balances and short term deposits. Capital of the Group represents total equity.

The debt to equity ratio as at 31 December 2011 and 31 December 2010 are as follows:

		Group	
		2011	2010
	Note	RM	RM
Trade and other payable	16	**61,268,084**	66,085,492
Loans and borrowings	14	**7,952,048**	7,005,195
Less: Cash and bank balances		**(54,345)**	(973,483)
Less: Short term deposits		**(2,331,015)**	(2,265,922)
Net debt		**66,834,772**	69,851,282
Total equity		**106,585,543**	106,736,158
Capital and net debt		**173,420,315**	176,587,440
Gearing ratio		**39%**	40%

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:

	Group	
	2011	2010
	RM	RM
Less than one year	**221,250**	212,400
Between one and five years	**260,190**	35,400
	481,440	247,800

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.

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Contingent liabilities				
Corporate guarantee given to supplier for facilities granted to a subsidiary company	**-**	-	**17,830,000**	9,500,000
Corporate guarantee given to financial institutions for facilities granted to a subsidiary company	**-**	-	**7,900,000**	9,000,000
Performance guarantees issued in the form of bank guarantee given to customer by a subsidiary company for contracts	**-**	-	**-**	-
Payment guarantees issued in the form of bank guarantee given to suppliers by a subsidiary company	**100,000**	200,000	**-**	-
Performance guarantee given to government agency which is secured by fixed deposits	**-**	20,300	**-**	-
	100,000	220,300	**25,730,000**	18,500,000

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.

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; and Norazmi bin Mohamed are common directors; and

ii) Basco Sdn. Bhd. is deemed related to Dato' Noor Azman @ Noor Hizam bin Mohamed Nurdin.

26. Related parties (continued)

The significant related party transactions of the Company, other than key management personnel compensation (see note 18), are as follows:

Group	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	Impairment loss recognised for the year ended 31 December
2011					
Related parties					
Revenue	**68,978,334**	**153,368,268**	**21,521,752**	**131,846,516**	**1,155,852**
Rental income	**212,400**	**-**	**-**	**-**	**-**
Construction cost	**(6,756)**	**2,742,004**	**-**	**-**	**-**
2010					
Related parties					
Revenue	84,821,934	149,691,624	20,277,347	129,414,277	4,488,947
Rental income	210,600	-	-	-	-
Construction cost	-	2,748,760	-	2,748,760	-

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

27. 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 2011, 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:

	Group 2011 RM	Company 2011 RM
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- realised	**32,913,915**	**(857,272)**
- unrealised	**(5,048,156)**	**(200,000)**
Total retained earnings/(accumulated losses)	**27,865,759**	**(1,057,272)**

This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

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

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 (formerly known as Lebar Daun Berhad), do hereby state that, in the opinion of the Directors, the financial statements set out on pages 29 to 69 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 27 to the financial statements on page 69 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,

Date: 24 April 2012

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Shahril Najmiddin Muda**, the officer primarily responsible for the financial management of Lebtech Berhad (formerly known as Lebar Daun Berhad), do solemnly and sincerely declare that the financial statements set out on pages 29 to 69 and supplementary information set out on page 69 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 in Shah Alam on 24 April 2012.

....
Shahril Najmiddin Muda

Before me:

PESURUHJAYA SUMPAH
NO: B 125
FARIDAH BT
PAWANCHIK
MALAYSIA

No. 13A, Tingkat 1
Jln Tengku Ampuan Zabedah E9/E
Seksyen 9, 40100 Shah Alam
Selangor Darul Ehsan

INDEPENDENT AUDITORS' REPORT

to the members of Lebtech Berhad

Report on the Financial Statements

We have audited the financial statements of Lebtech Berhad (formerly known as Lebar Daun Berhad), which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and 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 29 to 69.

Directors' Responsibility for the Financial Statements

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

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 about 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.

Basis for Qualified Opinion

Included in Group's trade payables are amounts totaling approximately RM7.0 million which have been reduced from RM22 million in previous year, that remained since prior period. We were unable to confirm the existence and accuracy of most of these balances via direct confirmation, telephone contacts or other means. Consequently we were not able to obtain sufficient appropriate audit evidence to establish the existence and accuracy of these liabilities.

The management has decided to continue its efforts to confirm and settle the outstanding amount due to the trade creditors.

Qualified Opinion

In our opinion, except for the potential adjustments arising from the matters described above, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT

to the members of Lebtech Berhad

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We 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) Except as disclosed in the Note 8 to the financial statements, 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 in Note 27 to the financial statements on page 69 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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

(a) The financial statements of the Group for the financial year ended 31 December 2010 were audited by another firm of chartered accountants whose report dated 29 April 2011 expressed a qualified opinion on those statements. The basis for qualified opinion was as follows:

"Included in Group's trade payables are amounts totaling approximately RM22 million which have been remain unpaid since 2008. The previous auditors were unable to confirm the existence and accuracy of most of these balances via direct confirmation, telephone contacts or other means".

(b) 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.

AFRIZAN TARMILI KHAIRUL AZHAR
AF 1300
Chartered Accountants

MOHD AFRIZAN HUSAIN
Chartered Accountant (M)
1805/11/12 (J/PH)
Partner

Kuala Lumpur, Malaysia

Date: 24 April 2012

ANALYSIS OF SHAREHOLDINGS

As At 2 May 2012

Authorised Share Capital	: RM250,000,000.00
Issued and Paid Up Capital	: RM68,241,837.50
Class of Shares	: Ordinary Shares of RM0.50 each
Voting Rights	: One (1) vote per Ordinary Share
No. of Shareholders	: 2,438

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	1,447	59.35	30,206	0.02
100 – 1,000	879	36.05	150,206	0.11
1,001 – 10,000	48	1.97	186,480	0.14
10,001 – 100,000	33	1.35	1,255,879	0.92
100,001 – less than 5% of issued shares	27	1.11	59,043,904	43.26
5% and above of issued shares	4	0.16	75,817,000	55.55
Total	**2,438**	**100.00**	**136,483,675**	**100.00**

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Directors	No. of Shares	%	No. of Shares	%
1. Norazmi Bin Mohamed Nurdin	5,016,000	3.68	-	-
2. Tan Sri Datuk Adzmi Bin Abdul Wahab	-	-	-	-
3. Dato' Nik Ismail Bin Dato' Nik Yusoff	-	-	-	-
4. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	62,817,000	46.02	9,000,000	6.59(1)
5. Hazli Bin Ibrahim	554,400	0.41	157,000	0.12(2)
6. Noorazhar Bin Mohamed Nurdin	254,800	0.19	-	-

Notes:-

(1) Deemed interest by virtue of his spouse, Datin Nor Hayati bt Abd Malik's direct shareholdings in Lebtech Berhad
(2) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 through his shareholdings in Cherry Vista Sdn Bhd

SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Shareholders	No. of Shares	%	No. of Shares	%
1. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	62,817,000	46.02	9,000,000	6.59(1)
2. Norazlan Bin Mohamad Nordin	9,048,000	6.63	23,000	0.02(2)
3. Datin Nor Hayati Bt Abd Malik	9,000,000	6.59	62,817,000	46.02(3)

Notes:-

(1) Deemed interest by virtue of his spouse, Datin Nor Hayati bt Abd Malik's direct shareholdings in LebtechBerhad
(2) Deemed interest by virtue of his spouse, Fatmawati bt Kasbin's direct shareholdings in Lebtech Berhad
(3) Deemed interest by virtue of her spouse, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin's direct shareholdings in Lebtech Berhad

ANALYSIS OF SHAREHOLDINGS

As At 2 May 2012

LIST OF THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	39,243,000	28.75
2. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	18,574,000	13.61
3. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Nor Hayati Binti Abd Malik)	9,000,000	6.59
4. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Norazlan Bin Mohamad Nordin)	9,000,000	6.59
5. Shah Rudin Bin Mohammed Miskun	6,500,004	4.76
6. HSBC Nominees (Asing) Sdn. Bhd. (Exempt An for credit SUISSE)	6,053,600	4.44
7. Mohd Nasir Bin Mohd Miskun	5,800,000	4.25
8. Mustafa Bin Mohammed Miskun	5,800,000	4.25
9. Nor Lia Binti Johan	5,300,000	3.88
10. AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	5,000,000	3.66
11. Anuar Bin Abd Malik	4,500,000	3.30
12. Mustapah Bin Mohamed	3,168,600	2.32
13. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Norazmi Bin Mohamed Nurdin)	3,000,000	2.20
14. Perbadanan Setiausaha Kerajaan Selangor	2,819,800	2.07
15. CIMSEC Nominees (Asing) Sdn. Bhd. (Bank of Singapore Limited for Stardom East Holdings Limited)	1,943,600	1.42
16. AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledge securities account for Norazmi Bin Mohamed Nurdin)	1,800,000	1.32
17. Abu Sujak Bin Mahmud	1,174,600	0.86
18. Perbadanan Kemajuan Negeri Selangor	1,000,000	0.73
19. Mohd Don Bin Mastol @ Mastor	945,100	0.69
20. Mhd Omar Bin Abdul Hamid	858,500	0.63
21. Faizal Bin Abdullah	672,000	0.49
22. Hazli Bin Ibrahim	499,400	0.37
23. BIMSEC Nominees (Tempatan) Sdn Bhd (Pledged securities account for Mohd Johar Bin Ismail)	436,400	0.32
24. Jamil Bin Saimon	406,400	0.30
25. Ikmal Bin Ibrahim	386,800	0.28
26. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noorazhar Bin Mohamed Nurdin)	254,800	0.19
27. AMBank (M) Berhad (Pledged securities account for Norazmi Bin Mohamed Nurdin)	216,000	0.16
28. Cherry Vista Sdn. Bhd.	157,000	0.12
29. CIMB Group Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Anuar Bin Abd Malik)	140,000	0.10
30. RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged securities account for Ab Ghaus Bin Ismail)	105,900	0.08
TOTAL	**134,755,504**	**98.73**

LIST OF PROPERTIES

As At 31 December 2011

Location	Tenure	Description/ Existing Use	Approximate Age of Buildings (Years)	Land Area/ Built–up Area (Sq. m.)	Net Book Value at 31.12.2010 (RM'000)	Date of Acquisition
No. 2, Jalan Tengku Ampuan Zabedah J9/J Section 9 40000 Shah Alam Selangor Darul Ehsan	Leasehold 99 years Expiring on 20/12/2100	$3^1/_2$ Storey Corner Shop/Office Building	10	254/935	1,714	14/10/2002
No. 4, Jalan Tengku Ampuan Zabedah J9/J Section 9 40000 Shah Alam Selangor Darul Ehsan	Leasehold 99 years Expiring on 20/12/2100	$3^1/_2$ Storey Intermediate Shop/Office Building	10	153/599	1,281	14/10/2002
Lot 9024 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey (end lot) Shop Office	19	156/603	175	09/12/1996
Lot 9026 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	19	156/603	175	09/12/1996
Lot 9028 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	19	156/603	175	09/12/1996

Note:- The above properties were registered under the name of Lebtech Construction Sdn Bhd (formerly known as Lebar Daun Construction Sdn Bhd), a wholly-owned subsidiary of the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of Lebtech Berhad will be held at Gallery 1, Level 3, Concorde Hotel, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 21 June 2012 at 11.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To approve the Directors' fees for the financial year ended 31 December 2011. **(Resolution 2)**

3. To re-elect Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin, who retires by rotation in accordance with Article 84 of the Company's Articles of Association. **(Resolution 3)**

4. To re-elect Tan Sri Datuk Adzmi Bin Abdul Wahab, who retires by rotation in accordance with Article 84 of the Company's Articles of Association. **(Resolution 4)**

5. To re-elect Encik Noorazhar Bin Mohamed Nurdin, who retires in accordance with Article 91 of the Company's Articles of Association. **(Resolution 5)**

6. To re-appoint Messrs Afrizan Tarmili Khairul Azhar as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. As special business, to consider and if thought fit, to pass the following Ordinary Resolution:-

   Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   "THAT subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.3 of the Circular to Shareholders dated 30 May 2012, subject further to the following:-

   (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm's length basis and are not to the detriment of the minority shareholders of the Company;

   (ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:-

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

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

   (iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:-

      (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which this shareholders' mandate will lapse, unless by a resolution passed at the said AGM, such authority is renewed;

      (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

      (c) revoked or varied by resolution passed by the shareholders in a general meeting;

      whichever is earlier.

NOTICE OF ANNUAL GENERAL MEETING

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution." **(Resolution 7)**

8. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

SHAHRIL NAJMIDDIN BIN MUDA
MIA 15311
Company Secretary

Shah Alam
30 May 2012

Notes:-

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

2. *To be valid this form duly completed must be deposited at the registered office of the Company at Wisma Lebar Daun, No. 2, Jalan Tengku Ampuan Zabedah J9/J, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.*

3. *A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.*

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

5. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

6. *If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.*

Explanatory Note on Special Business

7. *The proposed Resolution No. 7, if passed, will allow the Company and/or its subsidiary to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business and on terms that are not more favourable to the related parties than those generally available to the public. This would avoid any delay and cost involved in convening separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next Annual General Meeting of the Company or will subsist until the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of individuals who are standing for election as Directors

No individual is seeking election as a Director at the Tenth Annual General Meeting of the Company.

FORM OF PROXY

LEBTECH BERHAD
(formerly known as Lebar Daun Berhad)
(Company No. 590945-H)
(Incorporated in Malaysia)

I/We ____ NRIC No./Company No. ______________________

of ____

being a member/members of LEBTECH BERHAD, hereby appoint ____________________________________

____ NRIC No. ________________________________

of ____

or failing whom, ___________________________________ NRIC No. ________________________________

of ____

as my/our proxy to vote for me/us and on my/our behalf at the Tenth Annual General Meeting of the Company to be held at Gallery 1, Level 3, Concorde Hotel, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 21 June 2012 at 11.00 a.m. and at every adjournment thereof for/against the resolution(s) to be proposed thereat.

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. Unless voting instructions are specified herein, the proxy will vote or abstain from voting as he thinks fit.

Resolution		**For**	**Against**
No. 1	Receipt of Audited Financial Statements and Directors' and Auditors' Reports		
No. 2	Approval of Directors' fees		
No. 3	Re-election of Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin as Director		
No. 4	Re-election of Tan Sri Datuk Adzmi Bin Abdul Wahab as Director		
No. 5	Re-election of Encik Noorazhar Bin Mohamed Nurdin as Director		
No. 6	Re-appointment of Messrs Afrizan Tarmili Khairul Azhar as Auditors		
Special Business:			
No. 7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

As witness my/our hand this __________ day of ___________________ 2012

No. of shares held	

____
Signature/Common Seal

Notes:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the registered office of the Company at Wisma Lebar Daun, No. 2, Jalan Tengku Ampuan Zabedah J9/J, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
6. If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

Fold here

Affix
Stamp
here

Company Secretaries

LEBTECH BERHAD (590945-H)
(formerly known as Lebar Daun Berhad)
Wisma Lebar Daun
No. 2, Jalan Tengku Ampuan
Zabedah J9/J
Seksyen 9, 40000 Shah Alam
Selangor Darul Ehsan

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LEBTECH BERHAD (590945-H)
(formerly known as Lebar Daun Berhad)

Wisma Lebar Daun
No. 2, Jalan Tengku Ampuan Zabedah J9/J
Seksyen 9, 40000 Shah Alam
Selangor Darul Ehsan
Tel : 603 5511 1333
Fax : 603 5511 1888
web : www.lebtech.com.my