LEBTECH BERHAD
(590945-H)

ANNUAL REPORT **2018**

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Corporate Information

BOARD OF DIRECTORS

TAN SRI DATUK ADZMI BIN ABDUL WAHAB
Independent Non-Executive Chairman

NORAZMI BIN MOHAMED NURDIN
Managing Director

JAMIL BIN SAIMON
Independent Non-Executive Director

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

DATO' HAZLI BIN IBRAHIM
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Hazli Bin Ibrahim
(Chairman)
Tan Sri Datuk Adzmi Bin Abdul Wahab
Jamil Bin Saimon

NOMINATION COMMITTEE

Jamil Bin Saimon
(Chairman)
Dato' Hazli Bin Ibrahim

REMUNERATION COMMITTEE

Tan Sri Datuk Adzmi Bin Abdul Wahab
(Chairman)
Jamil Bin Saimon
Dato' Hazli Bin Ibrahim

GROUP COMPANY SECRETARY

Nor Hisyam Bin Ahmad Fodzi
(LS 0009957)

Corporate Information
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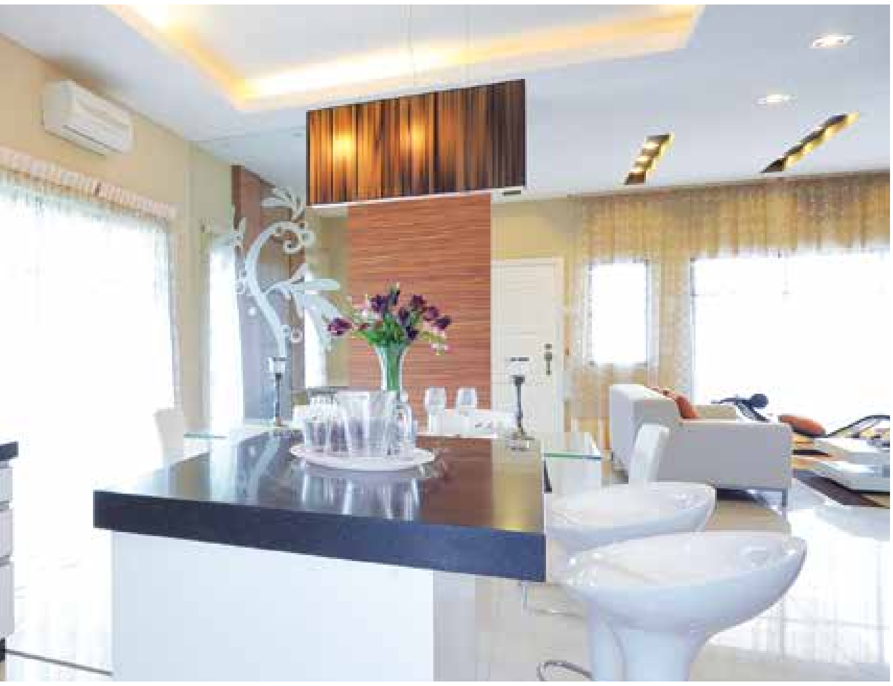
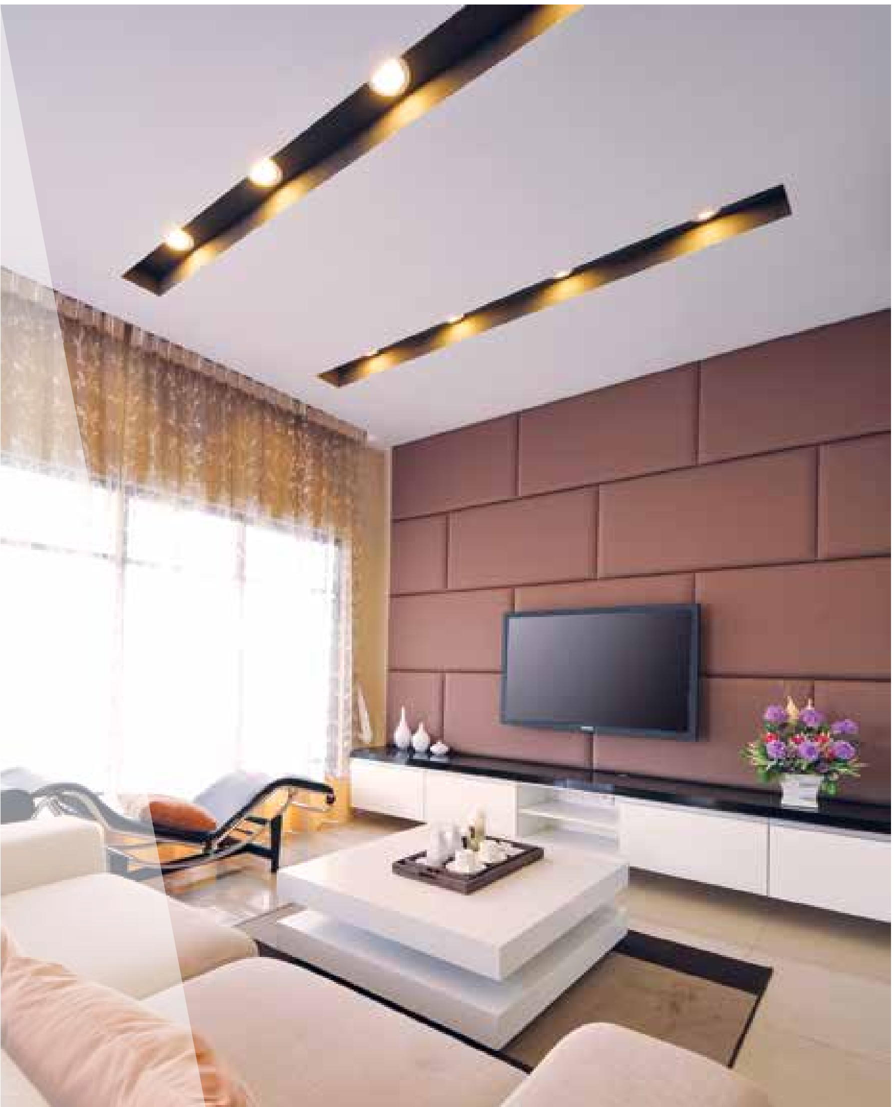




AUDITORS

Afrizan Tarmili Khairul Azhar
Chartered Accountants
2, Jalan Rampai Niaga 2
Rampai Business Park
53300 Kuala Lumpur
Tel : 603 4143 9330
Fax : 603 4142 9330

REGISTERED OFFICE

Wisma Lebar Daun
2, Jalan Tengku Ampuan Zabedah J9/J
Seksyen 9, 40000 Shah Alam
Selangor Darul Ehsan
Tel : 603 5511 1333
Fax : 603 5511 6755
Website : www.lebtech.com.my

SHARE REGISTRAR

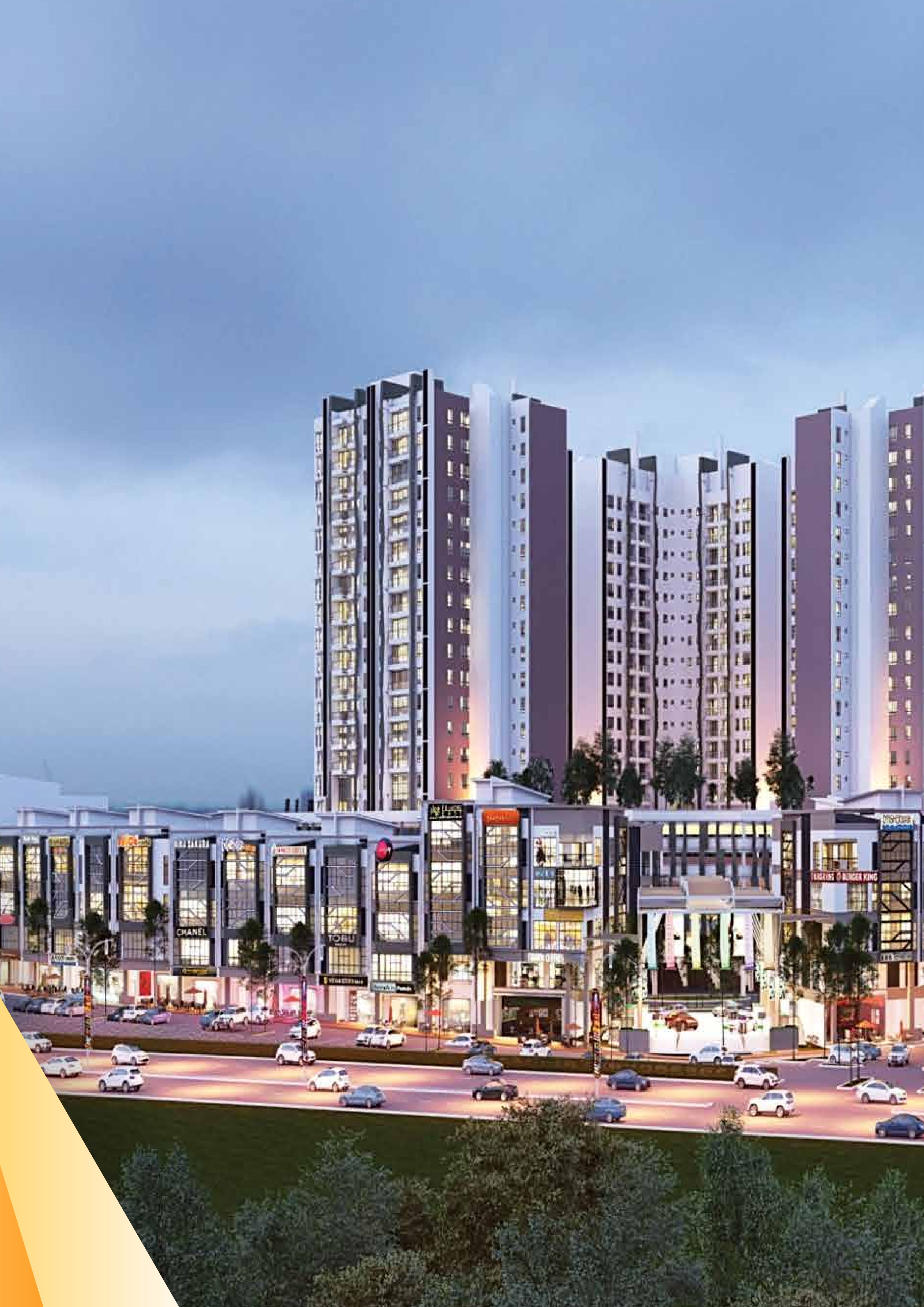
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 7841 8000
Fax : 603 7841 8151

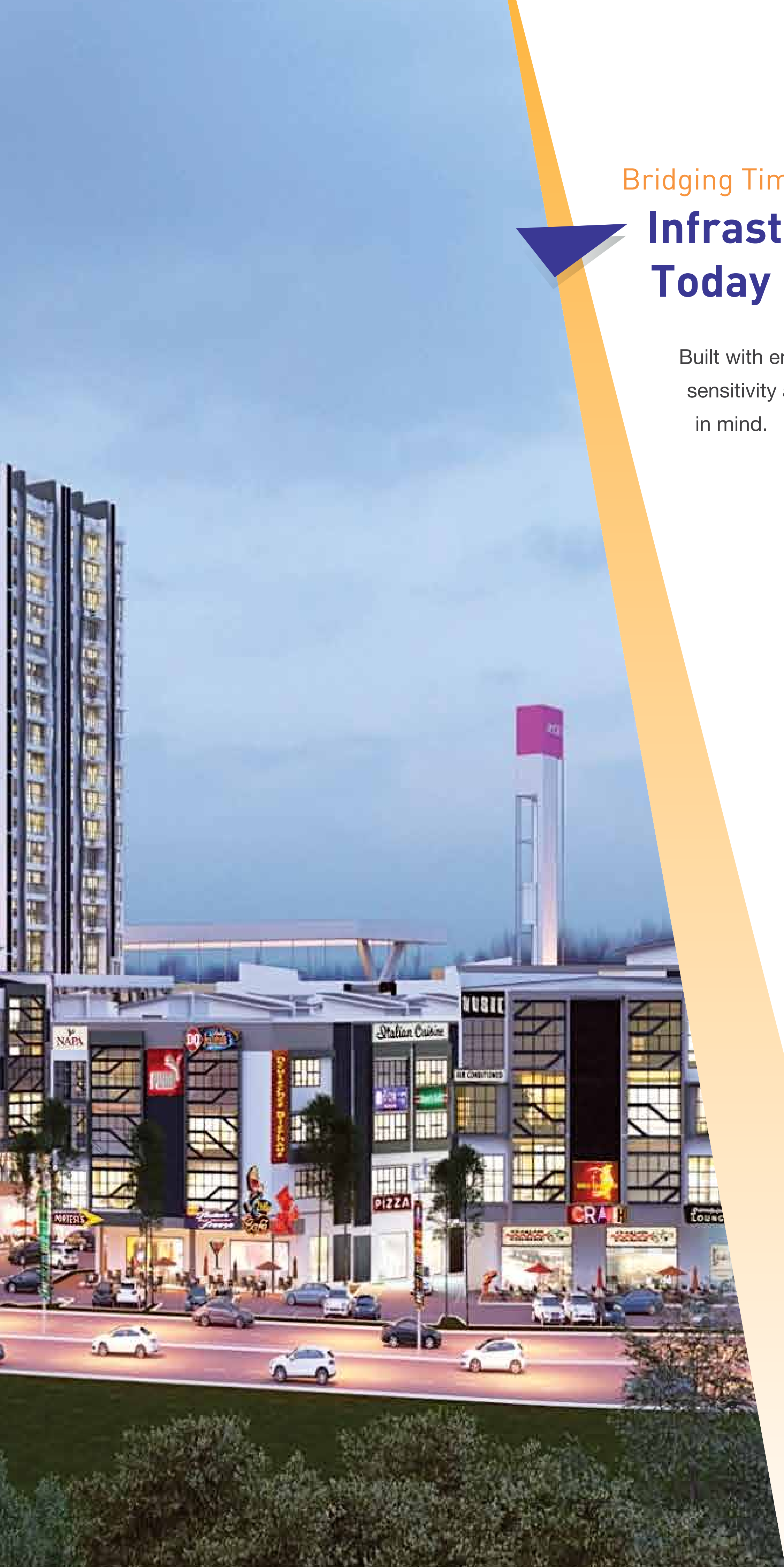
PRINCIPAL BANKER

CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 9628


CHANEL
TOBU
BURGER KING



Bridging Time Tomorrow's

Infrastructure Today

Built with environmental sensitivity and sustainability in mind.

Profile of the Board of Directors

TAN SRI DATUK ADZMI BIN ABDUL WAHAB

Independent Non-Executive Chairman

Aged 75, Malaysian, was appointed as Independent Non-Executive Director of LEBTECH BERHAD ("LEBTECH") on 13 December 2007. Subsequently, on 28 February 2014, he was re-designated as Independent Non-Executive Chairman of LEBTECH. He is the Chairman of the Remuneration Committee and a member of the Audit Committee. He holds a Bachelor of Arts (Hons) Degree in Economics and a Post Graduate Diploma in Public Administration 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 and Most PR Savvy CEO of the Year by Institute of Public Relation Malaysia. 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 board of Magna Prima Berhad, Dataprep Holdings Bhd, Grand-Flo Berhad and several other private companies involved in ICT, property development and construction, manufacturing, automotive and franchise businesses. He is also 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 2018.

Profile of the Board of Directors
cont'd

NORAZMI BIN MOHAMED NURDIN
Managing Director

Aged 52, Malaysian, was appointed as Chairman and Managing Director of Lebtech Berhad ("LEBTECH") on 7 January 2004. Subsequently, on 28 February 2014, he was re-designated as Managing Director of LEBTECH. 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 board of several other private companies. He does not hold any other directorships of public companies. He holds a total of 86,158,800 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 brother of Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin, a Non-Independent Non-Executive Director and major shareholder of LEBTECH 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 are 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 23 of this Annual Report. He attended all the five Board Meetings held during the financial year ended 31 December 2018.

JAMIL BIN SAIMON
Independent Non-Executive Director

Aged 54, Malaysian, was appointed as Independent Non-Executive Director of LEBTECH on 6 August 2018. He holds Bachelor Degree in Town Planning, Institut Teknologi Mara (MARA Technology Institute) from 1983 until 1986. Encik Jamil has vast and in-depth experience in the field of town planning and property development. He played big role as Town Planning Director with Klang Municipal Council since 1996 for 12 years before joining Kumpulan Lebar Daun as Director for one (1) year and appointed as Managing Director for the group until 2003. Encik Jamil has accrued comprehensive experience in all facets of town planning and property development over the last decade.

Profile of the Board of Directors
cont'd

DATO' HAZLI BIN IBRAHIM
Independent Non-Executive Director

Aged 55, 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 Aseam bankers 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 Duta Land 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 2018.

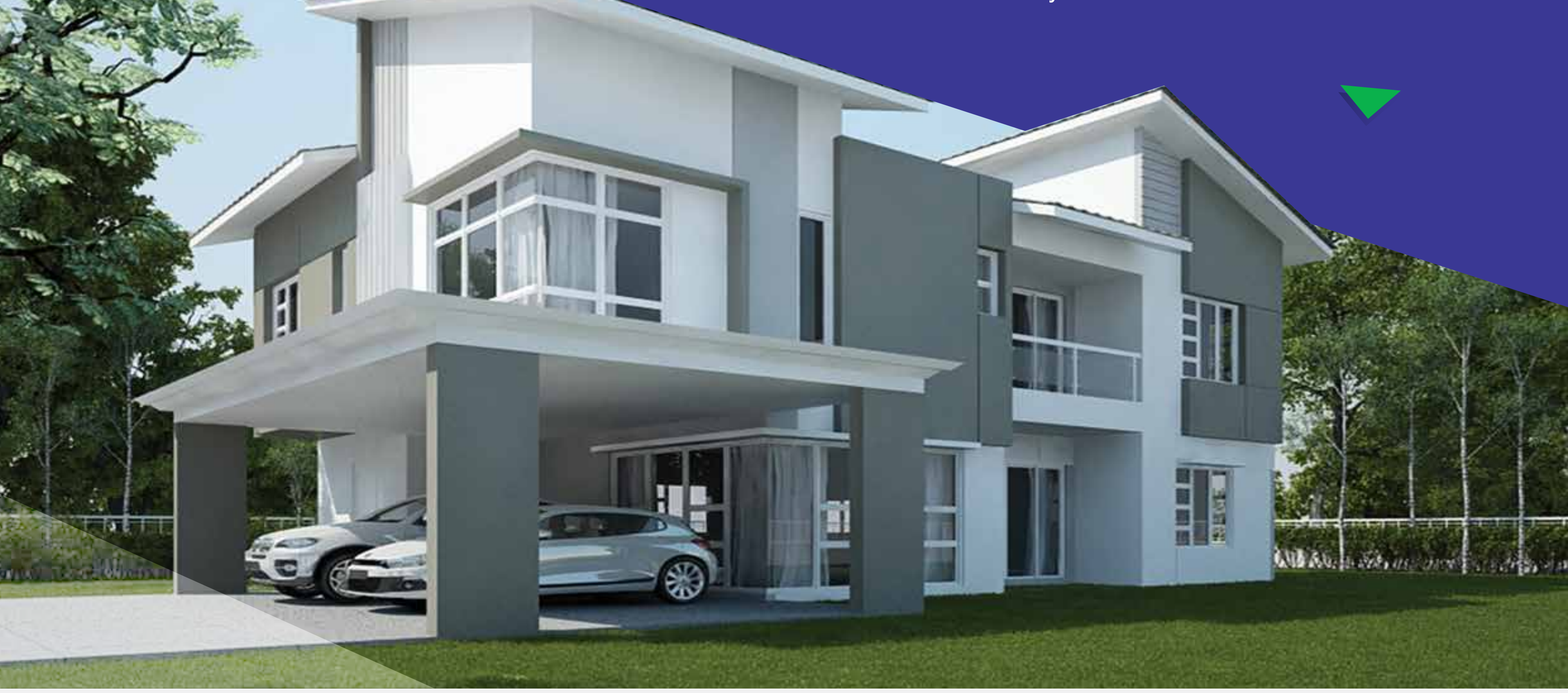
DATO' NOOR AZMAN @ NOOR HIZAM BIN MOHD NURDIN
Non-Independent Non-Executive Director

Aged 56, 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 of 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 Lebtech Construction Sdn Bhd. He also sits on the board of several other private companies. He does not hold any other directorships of public companies. He holds a total of 86,158,800 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 Managing Director and a shareholder of LEBTECH 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 23 of this Annual Report. He attended all the five Board Meetings held during the financial year ended 31 December 2018.

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors of Lebtech Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2018.



ECONOMIC OVERVIEW

Across the globe, property development companies are reinventing themselves to adapt to the fast growing construction world. As a responsible, forward-looking leaders in these disruptive times, we too, consistently ask ourselves the all-important question: How do we continuously improve shareholders value. We have crafted a well-defined strategy what we believe will create new sources of growth as we continue to deliver positive results. The robust growth of infrastructure development and public sector projects will continue to drive construction activity. 2018 was a challenging year as advanced economies grappled with escalating national debt, stagnating global trade, protectionist and a low investment environment.

FINANCIAL HIGHLIGHTS

The financial year ended 31 December 2018 saw the Group registered a profit before taxation of RM 0.25 million as compared to a profit before taxation of RM 0.81 million achieved in the last financial year. The Group's revenue recorded at RM 33.83 million in 2018 as compared to RM 27.41 million in 2017. The increase in revenue was primarily derived from our construction segment in residential development of Bukit Bandaraya Shah Alam, constructions of Suruhanjaya Syarikat Malaysia's and Lembaga Air Perak's buildings in Ipoh.

Some key financial highlights for the financial year ended 31 December 2018 are:

i. Profit per share for the current year is at 0.07 sen;
ii. Group's profit before interest, amortization and tax is at RM 0.33 million; and
iii. Net assets of the Group stood at RM 129 million.

Chairman's Statement
cont'd

There was no movement in the Company's issued and paid-up share capital during the year under review. As at 31 December 2018, the Company's issued and paid-up share capital remained at RM68.24 million.

REVIEW OF OPERATION

The Group will remains cautious in view of another challenging year with the Board foresees the Group's operational results for the financial year 2018 will be satisfactory. The revenue generation are mainly from from the construction contracts of property development projects with significant effort be given to secure new construction jobs to improve the order book.

The prime contributors to Group's revenue were the construction of two (2) buildings in Ipoh for the Companies Commission of Malaysia or Suruhanjaya Syarikat Malaysia and Lembaga Air Perak and also new phases of private residential homes at D'Kayangan, Bukit Bandaraya Shah Alam and other residential property development projects. The ongoing construction of mixed commercial and residential at Bandar Setia Alam and Basco Avenue, Ipoh also contribute to the Group's revenue.

DIVIDEND

In view of the uncertainties of the current economy, the Board has decided that priority be given to the Group's cash requirements and thus has not recommended any dividend payment for the financial year ended 31 December 2018.

OUTLOOK AND PROSPECT

The Group is working towards increasing its revenue and building a strong order book by securing more construction jobs in 2019. To achieve this, the Group will be more active in bidding for construction jobs in the public as well as in the private sectors.

On private residential projects, the Group expects the house prices to continue to rise, but at a slower pace and residential construction activities to remain flak in 2019. As the economy is slowing this year, the house buyers would have lower purchasing powers and Bank Negara Malaysia new rulings that taking effect causing banks to be more cautious in their loan approval and to tighten property financing to buyers.

The Group will remain cautious in view of the uncertainties and will continue to focus on completing and delivering all on-going projects within scheduled time, budget and quality to meet the challenges ahead.

MOVING FORWARD

We are looking ahead as a construction company to secure more projects due to positive signs due to higher demand for construction of housing and commercial projects. During the last few years, the Group has implemented many business strategies to ensure we stay competitive with current construction market demands.

To prepare for a successful year, the Group has done research on the latest method of developments in construction sector to prepare for any possible market changes. The Group has continuously improving the operating performance and deliver the products to provide better value to our customers. The Group will also continue to adopt strict financial discipline and improve its financial standing. The Group is also looking towards securing new projects in order to improve the financial performance.

The Board is also looking at strategies and avenues in obtaining projects out of the Group.

CORPORATE SOCIAL RESPONSIBILITY

Our commitment to Corporate Social Responsibility ("CSR") is based on conducting our operations in a responsible manner, building the environmental homes and communities, caring for the development of our employees and continue to support the community around us. More information on our CSR is provided in the CSR Statement of this Annual Report on page 13.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank the management and staff for their hard work, commitment and dedication over the past year. I would also like to thank our valued customers, shareholders, bankers, suppliers and business associates for their continuous support. Finally, I also wish to express my utmost appreciation to the board members for their invaluable contribution, commitment and guidance and look forward to reporting another successful year at the end of 2019.

Thank you.

TAN SRI DATUK ADZMI BIN ABDUL WAHAB
Independent Non-Executive Chairman
31 March 2019

Management Discussion and Analysis

OPERATING AND BUSINESS OVERVIEW

Lebtech Berhad's involved primarily in construction industry which contributed substantially to the Group's earnings in the current financial under review ended 31 December 2018. Revenue's generation was mainly derived from construction contracts of property development projects and infrastructure projects.

The current construction works of Suruhanjaya Syarikat Malaysia(SSM) and Lembaga Air Perak(LAP) in Ipoh,Perak is progressing on schedule and contributes significantly to the Group's revenue. In view of construction contracts of property development projects, the current on-going construction works includes private residential development at D'Kayangan, Bukit Bandaraya, Shah Alam and other pocket residential development in Puchong. Also undertaken and currently on-going is a mixed commercial development of Basco Avenue in Ipoh.

REVIEW OF FINANCIAL RESULTS

The Group's revenue increased from RM27.41 million recorded in 2017 to RM33.83 million in the current financial year ended 31 December 2018, representing an increase of 23.42%. The increase was mainly derived from construction works of SSM and LAP.

Profit net of tax attributable to ordinary shareholders decreased by RM0.1 million or 68.17% as compared to 2017. The decrease was mainly due to the increase in construction cost and absorption of the excess cost of several construction contracts undertaken by the Group.

The cash and bank balance stood at RM31 thousand with borrowings of RM0.91 million as at 31 December 2018. The Group's cash position remains positive with efforts to be placed to secure additional contract financing to meet the on-going cash flow requirements.

DIVIDEND

Currently, the Group does not have a dividend policy. However, appropriate dividend is recommended after taking into consideration the Group's operating performance, cash flow in 2019 requirements and the capitalization of any sound investment opportunities in the coming year.

MARKET & INDUSTRY OVERVIEW

The local economic conditions had remained challenging throughout the financial year due to the unwavering effects from the global economic slowdown. The weakening Malaysian Ringgit against major currencies has had a significant impact on local businesses during the financial year. Over the years, the Group have developed a more discipline and prudent approached to be able to endure challenging times and to deliver the commendable results for the financial year. The market condition is expected to remain uncertain in the near term in view of the tight credit control by banks, the large market supply of properties remaining unabated and the increasing cost of living and economic uncertainties resulting in more restrained consumer spending. Our Board is cautiously optimistic about the financial results of the Group for the financial year ending 31 December 2018, given the challenging business environment.

Management Discussion and Analysis
cont'd

MARKET OUTLOOK & PROSPECTS

Going forward, Lebtech Group will continue to pursue our goals and objectives set to rationalize business while devoting resources to our core business in government projects, construction and property development which we have competitive advantages and where we expect to see continued growth.

Our main focus remains on government projects, construction and property development activities in Malaysia. As highlighted above, our Group is involved in the following projects during 2018:-

i. SSM building located in Ipoh, Perak with a combined project value of approximately RM48.00 million;
ii. LAP located in Ipoh, Perak with a total GDV of approximately RM60.00 million;

The Group remain cautious in view of challenging year of 2019 with the Board foresees the Group's operational results to be equally challenging.

The revenue generation mainly come from the construction contracts of property development projects with significant effort be given to secure new construction jobs to improve the order book. The Group expects the market would be softer due to uncertain economic environment and will continue to focus on the completion of its construction projects.

The outlook of the local construction section is positive underpinned by the on-going infrastructure works and social projects such as MRT line, ECRL, and affordable housing.

This will contribute towards a high demand for construction works and benefits the construction sector. The Group will intensify its efforts to replenish the order book in 2019 and leverage on its track record to seize future growth opportunities. Moving forward, the Group will continue to enhance its value proposition and strengthen its rapport with government agency by supplying quality products in its existing projects.

Thank you.

NORAZMI BIN MOHAMED NURDIN
Managing Director
31 March 2019

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 bowling and futsal 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 staff's 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.

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. LEBTECH Group also operates in tandem with its vision through sound business practices, effective management and good corporate governance with the aim of enhancing the stakeholders' value.

We turn dreams into reality with our construction work. By delivering on our promises, we are able to impress our clients with the superior quality of our completed projects.

Sustainability Statement

As a diversified conglomerate, Lebtech Berhad ("LB") aspires to achieve excellence in sustainability by integrating sustainable practices into every one of its business activities in line with the Group's vision and core values.

The LB Board ("the Board") has oversight responsibility to deliver sustainable value to stakeholders through the principles, policies, objectives and strategies of LB and all its subsidiaries in Malaysia ("the Group"). To assist the Board in fulfilling its responsibilities, a Sustainability Steering Committee ("SSC") was established in August 2018. The SSC is chaired by LB's Managing Director and comprises LB's Head of Corporate Affairs as Group Chief Sustainability Officer, LB's Department Heads and the Sustainability Officers of the various subsidiaries.

In 2015, Bursa Malaysia introduced a requirement for listed companies to publish a statement of their material economic, environmental and social performance in their annual reports. Accordingly, we initiated a process whereby our Malaysian operations in our main segments collected data on sustainability parameters defined by international reporting guidelines and frameworks, such as the Global Reporting Initiative (GRI). In 2018, we released our first Sustainability Statement. This described our performance on key non-financial metrics, highlighted areas where our sustainability management and processes can be strengthened and provided a basis on which we can continually improve our reporting to better meet the expectations of our stakeholders.

During our first reporting process, we drafted a materiality matrix of issues for validation by our various divisions. This was combined into a consolidated matrix of 16 prioritised issues relating to the activities of the Group, which was subsequently approved by the Board. Thereafter, the prioritised issues formed the basis of an agreed set of key performance indicators ("KPIs") which are used to report on our sustainability performance. Our sustainability reporting covers only the operations of our Malaysian subsidiaries. Subject to there being no significant changes, a materiality assessment will be conducted once every three years to ensure that any change in our businesses, as well as socio-economic and environmental trends, are taken into consideration.

The Board is ultimately responsible for implementing LB Code of Ethics which is applicable to Directors, officers and employees of the Group. The Corporate Disclosure Policy and Procedures outlines the policies and processes for communications with shareholders, analysts and investors to ensure effectiveness and compliance with the applicable laws, rules and regulations.

Risk Management

The Group focuses on managing two types of risks, strategic and operational. Strategic risks are caused by events that are external to the Group, but have a significant impact on its strategic decisions or activities. These are dealt with by the Board and the Group Managing Director.

Operational risks are inherent in the activities within the different business units or subsidiaries of the Group. These risks are the responsibility of the various Business Units or Department heads. However, the Group impresses on all its employees that everyone at LB is responsible for good risk management.

Corporate Governance Overview Statement

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 2012 ("the Code") and the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad. The Board constantly strives to ensure that the highest standards of corporate governance are practiced 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 2018.

A. ROLES AND RESPONSIBILITIES OF THE BOARD

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 identifying principal risks and ensuring the implementation of appropriate systems to manage those risks, reviewing and approving key matters such as financial results, budgets, investments and divestments, significant acquisitions and disposals of assets, major capital expenditure as well as long term strategic planning for the Group.

As at to-date, the Board has yet to adopt a Board Charter. However, the Board will review all the existing policies and framework of the Group and to adopt and formalise a Board Charter in near future which provides guidance to the Board towards fulfilling its roles, duties and responsibilities.

There is a clear division of responsibilities between the Non-Executive Chairman and the Managing Director to ensure a balance of power and authority. The Non-Executive Chairman is responsible in ensuring Board effectiveness and standard of conduct whilst the management of the Group's businesses, implementation of policies and the day-to-day running of the businesses are the responsibilities of the Managing Director.

The Board is supported by the Board Committees, to assist the Board in the execution of its duties and responsibilities. The Board Committees include the Audit Committee, Nomination Committee and Remuneration Committee.

B. BOARD COMPOSITION

The Board currently has five (5) members, one (1) of whom is Executive Director, one (1) Non-Independent Non-Executive Director and the remaining three (3) are Independent Non-Executive Directors. Each Director's brief profile is presented under the section titled "Profiles of Directors" of this Annual Report.

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.

C. REINFORCE INDEPENDENCE

The Board took note of the Recommendations 3.2 and 3.3 of the Code that the tenure of an Independent Director should not exceed a cumulative term of 9 years. The Nomination Committee and the Board have determined at the annual assessment carried out, that all the three (3) Independent Non-Executive Directors continue to demonstrate behaviours that reflect their independence and provide the objective judgement to Board deliberations and decision making.

Corporate Governance Overview Statement
cont'd

D. 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 and the composition of the Audit Committee is in compliance with the Listing Requirements. It presently comprises of three Independent Non-Executive Directors. Details of the composition of the Audit Committee, terms of reference and summary of its activities are set out in the Audit Committee Report of this Annual Report.

Nomination Committee

The Nomination Committee was established on 12 May 2004 and comprises exclusively the following Non-Executive Directors :-

Chairman
Jamil Bin Saimon *(Independent Non-Executive Director)*

Members
Dato' Hazli bin Ibrahim *(Independent Non-Executive Director)*

The Nomination Committee is responsible for making recommendations to the Board on all new Board and Board Committees appointments, re-appointments and re-elections. The Nomination Committee will also review during the annual assessment, 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.

During the financial year ended 31 December 2018, a formal evaluation process has been carried out to access the effectiveness of the Board, Board Committees and individual Directors. Based on the result of the annual review, the Nomination Committee is satisfied with the performance and contribution of each individual Director and the Board Committees.

The Nomination Committee meets at least once in each financial year and whenever required.

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.

Directors who are appointed by the Board during the year under review before the Annual General Meeting are also required to retire from office and shall seek re-election by the shareholders at the first opportunity after their appointment.

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.

The Board does not fix a tenure limit for Directors as there are significant advantages to be gained from the long serving Directors who possess greater insight and knowledge of the Company's affairs.

Corporate Governance Overview Statement
cont'd

D. BOARD COMMITTEES *cont'd*

Remuneration Committee

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

Chairman
Tan Sri Datuk Adzmi bin Abdul Wahab (Independent Non-Executive Director)

Members
Jamil Bin Saimon *(Independent Non-Executive Director)*
Dato' Hazli bin Ibrahim *(Independent Non-Executive Director)*

The Remuneration Committee is responsible to review and for making recommendations to the Board on the remuneration package of each individual Director of the Company (both Executive and Non-Executive). 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.

E. 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 2018 is as follows:-

	Fees	**Salaries**	**Total**
	RM	**RM**	**RM**
Executive Director	-	204,000	204,000
Non-Executive Directors	160,000	-	160,000
Total	**160,000**	**204,000**	**364,000**

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	-	4
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.

Corporate Governance Overview Statement
cont'd

F. FOSTER COMMITMENT

The Board meets on a scheduled basis at least four (4) times a year, with additional meetings convened when necessary. Directors are required to attend at least 50% of Board Meetings and during the financial year, five (5) Board Meetings were held. The details of attendance of each Director at the Board meetings are as follows:-

Name of Director	Meetings attended	Percentage of attendance (%)
TAN SRI DATUK ADZMI BIN ABDUL WAHAB	5/5	80
NORAZMI BIN MOHAMED NURDIN	5/5	100
JAMIL BIN SAIMON	2/5	100
DATO' NOOR AZMAN @ NOOR HIZAM BIN MOHD NURDIN	5/5	100
DATO' HAZLI BIN IBRAHIM	5/5	100

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 Meetings 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.

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 and to be highlighted on regular updates on the operations, corporate governance and any changes to the relevant legislations.

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, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enhance their skills and knowledge so as to enable them to discharge their duties as Directors more effectively.

During the financial year ended 31 December 2017, the following Directors have attended the following training programmes and conferences:-

Tan Sri Datuk Adzmi Bin Abdul Wahab

1. Gearing Up for Corporate Liability by the Malaysia Anti-Corruption Academy (MACA)
2. Breakfast Series - "Non-Financial - Does it Matter?" by The Iclif Leadership and Governance Centre
3. ICDM PowerTalk with Professor CK Low 'Would a business judgment rule help director sleep better at night?' by The Institute of Corporate Directors Malaysia (ICDM)
4. Updates to Listing Requirementsby Epsilon Advisory Services Sdn Bhd

Norazmi Bin Mohamed Nurdin

1. Corporate directors training programme fundamental by SSM
2. Sustainability Forum for Directors/CEO

Dato' Hazli Bin Ibrahim

1. Sustainability Engagement Series for Directors/CEOs by Bursa Malaysia

Dato' Noor Azman@ Noor Hizam Bin Mohd Nurdin

1. Corporate directors training programme fundamental by SSM
2. Sustainability Forum for Directors/CEO

Corporate Governance Overview Statement
cont'd

G. SHAREHOLDERS

The Board acknowledges the need for shareholders to be informed on all material business matters affecting the Group. The Company through the Annual Report, Annual General Meeting, the Company's website (www.lebtech.com.my) and timely release of all corporate announcements and financial results, 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.

H. 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, 2016 ("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 Board recognises its responsibility for maintaining the effectiveness of the Group's system of internal controls and risk management framework to safeguard shareholders' investment and the Group's assets.

The detail of the internal control system of the Group during the year is presented in the Statement on Internal Control of this Annual Report.

Relationship with Auditors

The appointment of the external auditor is recommended by Audit Committee and through the Audit Committee, 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.

The Audit Committee has annually reviewed the suitability of the external auditors and is of the opinion that the external auditors are independent with respect to the Company and its Group. The role of the Audit Committee with both external and internal auditors is disclosed in the Audit Committee Report in this Annual Report.

Corporate Governance Overview Statement
cont'd

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 2018 save as explained above.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 31March 2019.

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.

Corporate Governance Overview Statement
cont'd

ADDITIONAL COMPLIANCE INFORMATION *cont'd*

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 2018 RM
Construction works awarded to Lebtech Construction Sdn Bhd (LCSB) by Lebar Daun Development Sdn Bhd (LDDSB)	i. Norazmi bin Mohamed Nurdin[(1)] ii. Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin[(2)] iii. Datin Nor Hayati bt Abd Malik[(3)]	**5,965,685**
Letting of office premises to LDDSB by LCSB	i. Norazmi bin Mohamed Nurdin[(1)] ii. Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin[(2)] iii. Datin Nor Hayati bt Abd Malik[(3)]	**185,220**
Letting of office equipment and furniture to LDDSB by LCSB	i. Norazmi bin Mohamed Nurdin[(1)] ii. Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin[(2)] iii. Datin Nor Hayati bt Abd Malik[(3)]	**48,960**
Construction works awarded to LCSB by Basco Sdn Bhd (BASCO)	i. Norazmi bin Mohamed Nurdin[(1)] ii. Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin[(2)] iii. Norazlan bin Mohamad Nordin[(4)] iv. Fatmawati bt Kasbin[(5)]	**102,456,132**

Notes:-

(1) Norazmi bin Mohamed Nurdin is the Managing Director and a 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 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 and Norazlan bin Mohamad Nordin and the brother-in-law to Fatmawati bt Kasbin.

(3) Datin Nor Hayati bt Abd Malik is a major shareholder of LEBTECH. She is also a 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, Norazlan bin Mohamad Nordin and Fatmawati bt Kasbin.

(4) 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 the brother-in-law to Datin Nor Hayati bt Abd Malik.

(5) 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 and Datin Nor Hayati bt Abd Malik.

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee presently comprises the following members:-

Chairman

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

Members

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

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.

Audit Committee Report
cont'd

TERMS OF REFERENCE *cont'd*

2. Membership *cont'd*

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
cont'd

TERMS OF REFERENCE *cont'd*

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
cont'd

MEETINGS

During the financial year ended 31 December 2018, 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
Dato' Hazli Bin Ibrahim	5/5
Tan Sri Datuk Azmi Bin Abdul Wahab	5/5
Dato' Nik Ismail Bin Dato' Nik Yusoff	3/5
Jamil Bin Saimon	2/5

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.

Audit Committee Report
cont'd

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 RM 54,582.00.

Statement on Risk Management and 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 of customers, 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, human resources performance management, fixed asset management and contract operations.

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 seven (2) 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.

Statement on Risk Management and Internal Control

cont'd

RISK MANAGEMENT FRAMEWORK *cont'd*

- 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.

- Surprise visits to project sites by the Managing Director and senior management on an ad-hoc basis.

FINANCIAL AND OPERATIONAL CONTROL FRAMEWORK

Lebtech Group Financial Policies and Procedures (GFPP) serves as a compulsory source of reference for the Group in conducting its operations to manage associated risks. The Group has acted in accordance with generally accepted accounting principles and the Malaysian Financial Reporting Standards (MFRS). Periodic reviews of actual performance versus budgets, targets, and performance in prior periods for key functions and major initiatives are carried out and appropriate mitigating and follow-up action are taken.

The Board Audit Committee (BAC) reviews the Group's quarterly financial performance together with management, and these are subsequently reported to the Board. The quarterly reviews enable the BAC to deliberate and assess the Group's financial results and operational performance. Group Monthly Management Reports, which serve as a monitoring tool, are also circulated to the Board and Management to provide information on key financial results, operational performance indicators and variances.

The procedures for critical functions and key activities are documented, communicated to employees and periodically reviewed. The Group has formalised its Quality Management System (QMS) using the requirements of QMS MS ISO 9001:2015 as a guide and has consistently maintained its certification.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's system of internal control to safeguard the interest of shareholders. The Managing Director and the Group Financial Controller has provided assurance to the Board that the Group's internal control system in all material aspects, is operating adequately and effectively.

REVIEW OF EXTERNAL AUDITOR

The External Auditors have reviewed Internal Audit Report and this Statement of Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2018 as required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities. 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.

This Statement is issued in accordance with a Board resolution dated 31 March 2019.

Directors' Report

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(Loss) for the year	**92,734**	**(243,142)**
Profit/(Loss) attributable to:-		
Owners of the Company	**92,734**	**(243,142)**

RESERVES AND PROVISIONS

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

DIVIDENDS

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

DIRECTORS OF THE COMPANY

The Directors who served since the beginning of financial year to the date of this report are:-

Tan Sri Datuk Adzmi Bin Abdul Wahab
Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin
Norazmi Bin Mohamed Nurdin
Jamil Bin Saimon
Dato' Hazli Bin Ibrahim

DIRECTORS OF SUBSIDIARIES OF LEBTECH BERHAD

Pursuant to Section 253(2) to the Companies Act 2016 the Directors of the subsidiaries of Lebtech Berhad during the financial year and up to the date of this report are:

Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin
Norazmi Bin Mohamed Nurdin
Nor Syafiqah Binti Dato' Noor Azman @ Nor Hizam
Jamil Bin Saimon

Directors' Report
cont'd

DIRECTORS' INTERESTS

The interest and deemed interest in the ordinary shares of the Group and 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 Group and the Company) as recorded in the Register of Directors' Shareholdings are as follows:-

	Number of ordinary shares in the Company			
	At	During the year		At
	1.1.2018	Bought	Sold	31.12.2018
Shareholdings in which Directors have direct interest				
Norazmi Bin Mohamed Nurdin	5,016,000	-	-	**5,016,000**
Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	62,817,000	-	-	**62,817,000**
Dato' Hazli Bin Ibrahim	554,400	-	-	**554,400**
Shareholdings in which Directors have deemed interests				
Norazmi Bin Mohamed Nurdin	81,142,800	-	-	**81,142,800**
Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	23,341,800	-	-	**23,341,800**
Dato' Hazli Bin Ibrahim	157,000	-	-	**157,000**

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

None of the other Directors holding office at 31 December 2018 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 Group and 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 Note 19 to 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 Group of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Group of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

Directors' Report
cont'd

DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the Directors or past Directors of the Group and the Company comprising remunerations received/receivable from the Group and the Company during the year are as follows:-

	Group RM	Company RM
Directors' remuneration	**344,000**	**140,000**

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the Director, officer or auditor of the Group and the Company.

OTHER STATUTORY INFORMATION

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

i) no known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected to realise.

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2018 were not substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report
cont'd

AUDITORS' REMUNERATIONS

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:-

	Group RM	Company RM
Statutory audit	**113,500**	**20,000**

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
Director

JAMIL BIN SAIMON
Director

Shah Alam, Selangor

Date: 10 April 2019

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, NORAZMI BIN MOHAMED NURDIN and JAMIL BIN SAIMON, being two of the Directors of LEBTECH BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 2018 and of their financial performance and statement of cash flows for the year then ended on that date.

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

NORAZMI BIN MOHAMED NURDIN
Director

JAMIL BIN SAIMON
Director

Shah Alam, Selangor

Date: 10 April 2019

Statutory Declaration

Pursuant to Section 251(1)(B) of the Companies Act 2016

I, ADDY RIZAIDI BIN AMAT TOSIRIM, the officer primarily responsible for the financial management of Lebtech Berhad, do solemnly and sincerely declare that the financial statements to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared }
by the above named ADDY RIZAIDI }
BIN AMAT TOSIRIM at Shah Alam }
in Selangor on } **ADDY RIZAIDI BIN AMAT TOSIRIM**

Before me:

Commisioner for Oaths

Shah Alam, Selangor

Independent Auditors' Report

To the members of Lebtech Berhad (Incorporated in Malaysia)

OPINION

We have audited the financial statements of Lebtech Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 40 to 75.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 23.3 to the financial statements. The Group conducts its business activities during the year mainly with related parties and these have been approved during the Group's Annual General Meeting. This has inadvertently increase the exposure to credit risk and going concern risk. For the financial year ended at 31 December 2018, the Group, through its subsidiary company, derived 100% of its revenue from related parties and at the balance sheet date, 99% of Group's trade receivables are due from related parties. Our opinion is not qualified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have addressed the key audit matters related to a material uncertainty related to events or conditions that cast significant doubt on the entity's ability to continue as a going concern in the section *Material Uncertainty Related to Going Concern* of the Company's Auditors' Report in accordance with ISA 570 (Revised), *Going Concern*.

Revenue from contracts with customer and cost recognition

Group's revenue from contracts with customers and expenses are recognised in statement of comprehensive income in proportion to the stage of completion of the contract as disclosed in notes 4(m)(i) and 17 to the financial statements. We identified revenue from contracts with customers to be an area of audit focus as the determination of the stage of completion requires the management to exercise significant judgement in estimating the total costs to complete and contract profit.

In estimating the total costs to complete, the Group considers the completeness and accuracy of its cost estimation, including its obligation to contract variation, claims and cost contingencies. The total cost to complete including sub-contractor costs, varies with market conditions and may also be incorrectly forecasted due to unforeseen events during construction.

Independent Auditors' Report

To the members of Lebtech Berhad (Incorporated in Malaysia)
cont'd

KEY AUDIT MATTERS *cont'd*

Our audit approach to address key audit matters

Our audit procedures performed in this area included, among others:-

- We performed a detail analysis of the costing schedule for the contract used to calculate the stage of completion, for significant construction contract;

- We performed test of details to verify the amount of cost incurred and recognised in the statement of comprehensive income and recomputation of the percentage of completion of the contract to ensure the accuracy of the recognition of revenue and cost; and

- We examined potential foreseeable loss on the significant revenue from contracts with customers.

Recoverability of amount due from related parties

Refer to note 4(j)(i) - Significant accounting policies - impairment of financial assets

The Group carries significant amount due from related parties as disclosed in Note 10 to the financial statements and is subject to major credit risk exposures. The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer creditworthiness, customer payment terms and current economic trends.

The recoverability of receivables from related parties, impairment and allowance for doubtful debts are considered to be a significant risk due to the pervasive nature of these balances to the financial statements and affect the working capital management of the business. We focused our testing of the impairment and recoverability of trade receivables on the key assumptions made by the management.

Our audit approach to address Key Audit Matters

Our audit procedures performed in this area included, among others:-

- Obtaining an understanding of the Group's:-
    - ➢ Control over the receivables approval and collection process;
    - ➢ Process to identify and assess the impairment of receivables; and
    - ➢ Policy to determine the accounting estimate for the impairment of receivables.

- Reviewing the aging analysis and testing the reliability thereof;

- Reviewing subsequent receipt and ensure the receipts are in respect of the outstanding balance as at the reporting date;

- Challenged management's view on credit risk of trade receivables and take into consideration the historical patterns for outstanding trade receivables, reviewing other evidence including related parties financial position based on latest audited accounts and holding discussions with those charged with governance and management personnel;

- Evaluate whether the model used to calculate the recoverable amount complies with the requirement of applicable standards; and

- Assessing the adequacy of the Group's disclosures in respect of credit risk.

Independent Auditors' Report

To the members of Lebtech Berhad (Incorporated in Malaysia)
cont'd

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report

To the members of Lebtech Berhad (Incorporated in Malaysia)
cont'd

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 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 (Malaysia)

DATUK MOHD AFRIZAN BIN HUSAIN
Chartered Accountant (M)
1805/11/15 (J)
Partner

Shah Alam, Selangor

10 April 2019

Statement of Financial Position

As at 31 December 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	**2,591,577**	2,689,356	**-**	-
Intangible assets	6	**11,803,642**	11,803,642	**-**	-
Investment properties	7	**420,000**	435,000	**-**	-
Investment in subsidiaries	8	**-**	-	**74,500,002**	74,500,002
Deferred tax assets	9	**3,026,803**	2,960,003	**-**	-
Total non-current assets		**17,842,022**	17,888,001	**74,500,002**	74,500,002
Current assets					
Trade and other receivables	10	**173,734,647**	171,245,158	**1,648,106**	1,867,703
Cash and cash equivalents	11	**165,813**	153,163	**5,796**	5,382
Tax recoverable		**698,717**	229,270	**-**	-
Total current assets		**174,599,177**	171,627,591	**1,653,902**	1,873,085
TOTAL ASSETS		**192,441,199**	189,515,592	**76,153,904**	76,373,087
EQUITY AND LIABILITIES					
Equity					
Share capital	12	**78,719,784**	78,719,784	**78,719,784**	78,719,784
Retained earnings/(Accumulated losses)	13	**51,152,715**	51,059,981	**(2,869,278)**	(2,626,136)
TOTAL EQUITY		**129,872,499**	129,779,765	**75,850,506**	76,093,648
LIABILITIES					
Current liabilities					
Deferred income	14	**3,938,694**	7,233,419	**-**	-
Trade and other payables	15	**57,711,585**	51,468,301	**303,398**	279,439
Loans and borrowings	16	**918,421**	1,034,107	**-**	-
Tax payables		**-**	-	**-**	-
Total current liabilities		**62,568,700**	59,735,827	**303,398**	279,439
TOTAL LIABILITIES		**62,568,700**	59,735,827	**303,398**	279,439
TOTAL EQUITY AND LIABILITIES		**192,441,199**	189,515,592	**76,153,904**	76,373,087

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

Statement of Comprehensive Income

For the financial year ended 31 December 2018

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	17	**33,826,351**	27,407,183	**-**	-
Cost of sales		**(29,737,572)**	(25,445,901)	**-**	-
Gross Profit		**4,088,779**	1,961,282	**-**	-
Other income		**251,200**	2,376,752	**-**	-
Administrative expenses		**(4,001,651)**	(3,338,720)	**(243,142)**	(235,782)
Finance costs		**(91,891)**	(192,738)	**-**	-
Profit/(Loss) before taxation	18	**246,437**	806,576	**(243,142)**	(235,782)
Taxation	20	**(153,703)**	(472,718)	**-**	-
Profit/(Loss) from the financial year, representing total comprehensive income/ (expense) for the financial year		**92,734**	333,858	**(243,142)**	(235,782)
Basic earnings per ordinary share (sen) attributable to owners of the Company	21	**0.07**	0.24		

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

Statement of Changes in Equity

For the financial year ended 31 December 2018

	Non-distributable		*Distributable*	
	Share capital RM	Share premium RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
Group				
Balance at 1 January 2017	68,241,838	10,477,946	50,726,123	129,445,907
Total comprehensive income for the year	-	-	333,858	333,858
Transfer pursuant to Companies Act, 2016	10,477,946	(10,477,946)	-	-
Balance at 31 December 2017	78,719,784	-	51,059,981	129,779,765
Balance at 1 January 2018	**78,719,784**	**-**	**51,059,981**	**129,779,765**
Total comprehensive income for the year	**-**	**-**	**92,734**	**92,734**
Balance at 31 December 2018	**78,719,784**	**-**	**51,152,715**	**129,872,499**
Company				
Balance at 1 January 2017	68,241,838	10,477,946	(2,390,354)	76,329,430
Total comprehensive loss for the year	-	-	(235,782)	(235,782)
Transfer pursuant to Companies Act, 2016	10,477,946	(10,477,946)	-	-
Balance at 31 December 2017	78,719,784	-	(2,626,136)	76,093,648
Balance at 1 January 2018	**78,719,784**	**-**	**(2,626,136)**	**76,093,648**
Total comprehensive loss for the year	**-**	**-**	**(243,142)**	**(243,142)**
Balance at 31 December 2018	**78,719,784**	**-**	**(2,869,278)**	**75,850,506**

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

Statement of Cash Flows

For the financial year ended 31 December 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from operating activities					
Profit before tax		**246,437**	806,576	**(243,142)**	(235,782)
Adjustment for:					
Depreciation of property, plant and equipment		**97,776**	100,908	**-**	-
Amortisation of investment properties		**-**	15,000	**-**	-
Finance costs		**91,891**	192,738	**-**	-
Interest income		**(4,220)**	(25,424)	**-**	-
Reversal of impairment loss on receivables		**-**	(2,104,120)	**-**	-
Operating profit/(loss) before changes in working capital		**431,884**	(1,014,322)	**(243,142)**	(235,782)
Trade and other payables		**(383,044)**	6,227,311	**23,960**	47,138
Trade and other receivables		**742,318**	(3,920,867)	**219,596**	188,570
Cash flows generated from/(used in) operations		**791,158**	1,292,122	**414**	(74)
Interest received		**4,220**	25,424	**-**	-
Interest paid		**(91,891)**	(192,738)	**-**	-
Tax paid		**(567,566)**	(350,334)	**-**	-
Net cash flows generated from/(used in) operating activities		**135,921**	774,474	**414**	(74)
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(4,842)**	(4,839)	**-**	-
Advance from/(Repayment to) related companies		**(6,963)**	373,024	**-**	-
Repayment from subsidiaries		**-**	-	**-**	-
Net cash flows (used in)/generated from investing activities		**(11,805)**	368,185	**-**	-
Cash flows from financing activities					
Increase in pledged deposits		**-**	1,285,236	**-**	-
Net cash flow used in financing activities		**-**	1,285,236	**-**	-
Net increase/(decrease) in cash and cash equivalents		**124,116**	2,427,895	**414**	(74)
Cash and cash equivalents at 1 January		**(1,011,247)**	(3,439,142)	**5,382**	5,456
Cash and cash equivalents at 31 December 2018	11	**(887,131)**	(1,011,247)	**5,796**	5,382

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

Notes to the Financial Statements
For the financial year ended 31 December 2018

1. CORPORATE INFORMATION

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 April 2018.

2. BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

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

These financial statements are presented in Ringgit Malaysia.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.12

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. ADOPTION OF NEW AND AMENDMENTS TO MFRS AND INTERPRETATION

During the financial year, the Group and the Company have adopted the following MFRSs amendments to FRSs and interpretation issued by the MASB that are mandatory for current financial year.

Amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments*
- MFRS 15 *Revenue from Contracts with Customers*
- Amendments MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2017 Cycle)*
- Amendments to MFRS 2 *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4 *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 15 *Revenue from Contracts with customer – Effective Date of MFRS 15*
- Amendments to MFRS 15 *Revenue from Contracts with Customers – Clarifications to MFRS15*
- Amendments to MFRS 128 *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140 *Investment Property – Transfers of Investment Property*
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

Adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

MFRS, Interpretation and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2019

- MFRS 16 *Leases*
- Amendments to MFRS 3 *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9 *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11 *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112 *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119 *Employee Benefits – Plan Amendments, curtailment or settlement*
- Amendments to MFRS 123 *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128 *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*

MFRSs effective for annual periods beginning on or after 1 January 2021

- MFRS 17 *Insurance Contracts*

Amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures - Sales or Contribution of Assets between an Investor and its Associate and Joint Venture*

The Company will apply the above MFRSs, Amendments and Interpretations that are applicable once they become effective. The initial application of the above MFRSs, Amendments and Interpretations is not expected to have any significant impact on the financial statements of the Company.

Notes to the Financial Statements
For the financial year ended 31 December 2018
cont'd

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, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

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

(ii) Transactions eliminated on consolidation

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

(b) Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Financial Assets *cont'd*

(i) Classification of Financial Assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ('FVTPL').

(ii) Amortised Cost and Effective Interest Method

At initial recognition financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognise interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in statement of comprehensive income.

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Financial Assets *cont'd*

(iii) Debt Instruments Classified as at FVTOCI

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in statement of comprehensive income. OCI is reclassified from equity to profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises.

(iv) Equity Instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(v) Financial Assets at Fair Value Through Profit or Loss

This category comprises only in-the-money derivatives. They are carried in the statements of financial position at fair value with changes in fair value recognised in the statements of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group and the Company do not have any assets held for trading nor do they voluntarily classify any financial assets as being at fair value through profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Financial Assets *cont'd*

(vi) Impairment of Financial Assets

The Group and the Company recognise a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, lease receivables, amounts due from customers under construction contracts, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognise lifetime ECL for trade receivables, amounts due from customers under construction contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there have been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(vii) Derecognition of Financial Assets

The Group and the Company derecognise a financial asset when the contractual right to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Company neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group and the Company enter into transactions whereby it transfers assets recognised in its statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Property, plant and equipment *cont'd*

(i) Recognition and measurement *cont'd*

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

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

(ii) Subsequent costs

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

(iii) Depreciation and impairment

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

Depreciation is recognised in 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.

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

(iv) Derecognition

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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.

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

(ii) Impairment

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

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

(e) Investment properties

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

Investment property carried at cost

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Investment properties *cont'd*

Investment property carried at cost *cont'd*

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in statement of comprehensive income.

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

(f) Leased assets

Leases

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

Operating leases

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

Finance lease

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

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

(g) Inventories

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

(h) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(h) Constructions work-in-progress *cont'd*

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

(i) 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).

(j) Impairment of non-financial assets

(i) 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 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.

(k) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(k) Employee benefits *cont'd*

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

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

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

(m) Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Construction contracts

Revenue from contract with customers may 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, revenue and expenses are recognised in statement of comprehensive income in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a revenue from contract customers 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 statement of comprehensive income.

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

4. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

(n) Other income

(i) Rental income

Rental income from investment property is recognised in 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 on accrual basis, using the effective interest method in statement of comprehensive income.

(o) Borrowing costs

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

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

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

(p) Income tax

Income tax 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 neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(q) Earnings per share

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

(r) Operating segments

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

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

(s) 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.

(t) Fair value information

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

5. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and building	Motor vehicle	Plant and equipment	Fixture and fittings	Renovation	Total
	RM	RM	RM	RM	RM	RM
Cost						
1 January 2018	3,566,004	2,384,501	1,101,790	221,082	48,733	7,322,110
Additions	-	-	-	-	-	-
As at 31 December 2018	**3,566,004**	**2,384,501**	**1,101,790**	**221,082**	**48,733**	**7,322,110**
Accumulated depreciation						
At 1 January 2018	998,481	2,383,209	987,095	215,239	48,733	4,632,757
Depreciaton for the year	71,320	955	24,549	952	-	97,776
As at 31 December 2018	**1,069,801**	**2,384,164**	**1,011,644**	**216,191**	**48,733**	**4,730,533**
Carrying amounts						
As at 31 December 2017	2,567,523	1,292	114,695	5,843	-	2,689,353
As at 31 December 2018	**2,496,203**	**337**	**90,146**	**4,891**	**-**	**2,591,577**

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.

Group	Leasehold land and building	Motor vehicle	Plant and equipment	Fixture and fittings	Renovation	Total
	RM	RM	RM	RM	RM	RM
Cost						
1 January 2017	3,566,004	2,664,320	1,096,948	221,082	48,733	7,597,087
Additions	-	-	4,842	-	-	4,842
Disposals	-	(279,819)	-	-	-	(279,819)
As at 31 December 2017	**3,566,004**	**2,384,501**	**1,101,790**	**221,082**	**48,733**	**7,322,110**
Accumulated depreciation						
At 1 January 2017	927,161	2,662,072	959,519	214,180	48,733	4,811,665
Depreciaton for the year	71,320	953	27,576	1,059	-	100,908
Disposals	-	(279,816)	-	-	-	(279,816)
As at 31 December 2017	**998,481**	**2,383,209**	**987,095**	**215,239**	**48,733**	**4,632,757**
Carrying amounts						
As at 31 December 2017	**2,567,523**	**1,292**	**114,695**	**5,843**	**-**	**2,689,353**

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

For the financial year ended 31 December 2018
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6. INTANGIBLE ASSETS

	Group	
	2018	**2017**
	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 59.07%.

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

	Freehold land and building
	RM
Group	
Cost	
At 31 December 2017/1 January 2018/31 December 2018	750,000
Amortisation	
At 31 December 2017/1 January 2018	315,000
Amortisation for the year	15,000
At 31 December 2018	330,000
Carrying amount	
At 31 December 2017	435,000
At 31 December 2018	**420,000**
Fair value	
At 31 December 2017	2,100,000
At 31 December 2018	**2,100,000**

Notes to the Financial Statements

For the financial year ended 31 December 2018
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7. INVESTMENT PROPERTIES *cont'd*

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

The valuation of investment property was prepared by a qualified external valuer by using a comparative method of valuation. The desktop valuation was performed on 17 March 2017 by external valuer. The Directors are of the opinion that the value of the property does not vary significantly than the last valuation.

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

	2018 RM	2017 RM
Direct operating expenses	**20,454**	2,692

Investment properties are 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 2018, the properties are pledged to a licensed bank to secure banking facilities granted to the Group (see Note 16).

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM	2017 RM
At cost:		
Unquoted shares, at cost	**74,700,002**	74,700,002
Direct operating expenses	**(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 2018 %	Effective ownership interest 2017 %
Lebtech 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 Messrs Afrizan Tarmili Khairul Azhar.*

Notes to the Financial Statements

For the financial year ended 31 December 2018
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9. DEFERRED TAX ASSETS

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are disclosed in the statement of financial position.

Recognised deferred tax assets

Deferred tax assets are attributable to the following:-

	Assets		Liabilities		Net	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Group						
Property, plant and equipment	**-**	-	**(269,016)**	(21,737)	**(269,016)**	(21,737)
Impairment loss on trade receivables	**1,936,781**	2,981,740	**-**	-	**1,936,781**	2,981,740
Unutilised business loss	**1,329,152**	-	**-**	-	**1,329,152**	-
Unabsorbed capital allowance	**29,886**	-	**-**	-	**29,886**	-
Net tax assets	**3,295,819**	2,981,740	**(269,016)**	(21,737)	**3,026,803**	2,960,003

Movement in temporary differences during the year:-

	At 1.1.2017	Recognised in profit or loss (Note 20)	At 31.12.2017/ 1.1.2018	Recognised in profit or loss (Note 20)	At 31.12.2018
	RM	**RM**	**RM**	**RM**	**RM**
Group					
Property, plant and equipment	(20,919)	(818)	**(21,737)**	**(247,279)**	**(269,016)**
Impairment loss on trade receivables	3,453,640	(471,900)	**2,981,740**	**(1,044,959)**	**1,936,781**
Unutilised business loss	-	-	**-**	**1,329,152**	**1,329,152**
Unabsorbed capital allowance	-	-	**-**	**29,886**	**29,886**
Net tax assets	3,432,721	(472,718)	**2,960,003**	**66,800**	**3,026,803**

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Trade					
Trade receivables	a	**1,742,400**	1,742,400	**-**	-
Amount due from contract customers	b	**42,982,222**	41,890,190	**-**	-
Amount due from related parties	c	**127,106,109**	125,194,158	**-**	-
		171,830,731	168,826,748	**-**	-
Non-trade					
Amount due from subsidiaries	d	**-**	-	**1,648,106**	1,867,703
Other receivables		**1,761,955**	2,276,449	**-**	-
Deposits		**122,409**	122,409	**-**	-
Prepayments		**19,552**	19,552	**-**	-
		1,903,916	2,418,410	**1,648,106**	1,867,703
		173,734,647	171,245,158	**1,648,106**	1,867,703

Note a

Included in trade receivables of the Group at 31 December 2018 are retention sums of RM1,742,400 (2017: RM1,742,400) relating to amount due from contract customers.

The Group's credit policy provides trade receivable with credit period of up to 60 days (2017: 60 days). Significant credit and recovery risks associated with receivable have been provided for in the financial statement.

The ageing of receivables as at the end of the reporting period is disclosed in Note 23.3.

Note b

Amount due from contract assets

		Group	
		2018	2017
	Note	RM	RM
Aggregate costs incurred to date		**640,733,114**	611,321,431
Add: Attributable profits		**66,267,521**	61,851,316
		707,000,635	673,172,747
Less: Progress billings		**(667,957,107)**	(638,515,976)
		39,043,528	34,656,771
Deferred income	14	**3,938,694**	7,233,419
		42,982,222	41,890,190

Notes to the Financial Statements
For the financial year ended 31 December 2018
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10. TRADE AND OTHER RECEIVABLES *cont'd*

Note c

	Group 2018 RM	Group 2017 RM
Amount due from related companies (Gross)	**132,528,747**	131,989,772
Less: Impairment losses	**(7,069,921)**	(6,795,614)
Amount due from related companies (Net)	**125,458,826**	125,194,158

The trade amounts due from related parties are mainly derived from issuance of progress billings. The amounts are unsecured and subject to the normal trade terms. Included in progress billings receivable at 31 December 2018 are retention sums of RM47,538,730 (2017: RM44,290,883) relating to amount due from contract customers.

Note d

The non-trade amount due from related companies is unsecured, interest-free and is repayable on demand.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deposit placed with licensed banks	**134,523**	130,303	**-**	-
Cash and bank balances	**31,290**	22,860	**5,796**	5,382
	165,813	153,163	**5,796**	5,382
Less:				
Bank overdraft (Note 16)	**(918,421)**	(1,034,107)	**-**	-
Deposit pledged	**(134,523)**	(130,303)	**-**	-
	(887,131)	(1,011,247)	**5,796**	5,382

Deposits placed with licensed banks pledged for bank facilities

Included in the deposits placed with licensed banks are RM104,220 (2017: RM100,000) pledged for bank facilities and RM30,303 (2017: RM30,303) pledged as collateral for bank facilities granted to third parties and disclosed in Note 16.

Notes to the Financial Statements

For the financial year ended 31 December 2018
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12. SHARE CAPITAL

	Group and the Company			
	2018	**2017**	**2018**	**2017**
	Units	**Units**	**RM**	**RM**
Issued and fully paid:				
At beginning of year	**136,483,676**	136,483,676	**78,719,784**	68,241,838
Transfer pursuant to Companies Act 2016	**-**	-	**-**	10,477,946
At end of year	**136,483,676**	136,483,676	**78,719,784**	78,719,784

13. RESERVES

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM**	**RM**	**RM**	**RM**
Distributable:					
Retained earnings/(Accumulated losses)	(a)	**51,152,715**	51,059,981	**(2,869,278)**	(2,626,136)

(a) Retained Earnings/(Accumulated Losses)

The retained earnings may be distributed as dividend under the single tier system.

14. DEFERRED INCOME

	Group	
	2018	**2017**
	RM	**RM**
Customer advances for construction work-in-progress (see Note 10)	**3,938,694**	7,233,419

15. TRADE AND OTHER PAYABLES

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM**	**RM**	**RM**	**RM**
Trade					
Trade payables	a	**47,997,444**	48,507,765	**-**	-
Non-trade					
Other payables		**8,708,571**	2,449,661	**268,648**	245,000
Accrued expenses		**632,547**	137,852	**34,750**	34,439
Amount due to affliated company		**373,023**	373,023	**-**	-
		9,714,141	2,960,536	**303,398**	279,439
		57,711,585	51,468,301	**303,398**	279,439

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

15. TRADE AND OTHER PAYABLES *cont'd*

Note a

i) The normal trade terms granted to the Group range from 30 days to 90 days (2017: 30 days to 90 days).

ii) Included in the trade payables are:-

a) Amount totalling no owing (2017: RM1,996,633) to a related party; and
b) Amount totalling RM17,844,380 (2017: RM16,845,631) are retention sums.

16. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate, see Note 23.5.

		Group	
		2018	**2017**
	Note	**RM**	**RM**
Current			
Bank overdraft (Note 11)	i,ii	**918,421**	1,034,107

i. The first bank overdraft amounting to RM918,421 (2017: RM1,034,614) bears interest at 1.75% to 3.50% (2017: 1.75% to 3.50%) per annum above the bank's Base Lending Rate and is secured by the followings:-

a) third party first legal charge of RM2,500,000 over properties owned by a Director;
b) corporate guarantee for RM2,900,000 by a subsidiary company; and
c) registered charge over fixed deposit of RM104,220 (2017: RM100,000)

ii. The second bank overdraft amounting to a positive amount of RM198 (2017: RM507) bears interest at 2.50% (2017: 2.50%) per annum above the bank's Base Lending Rate and is secured by the followings:-

a) first legal charge of RM2,000,000 over properties owned by a Director;
b) legal charge of RM5,000,000 over properties owned by the Group with a carrying amount of RM420,000 (2017: RM435,000) (see Note 7);
c) personal guarantee for RM2,000,000 by a Director; and
d) corporate guarantee for RM5,000,000 by a subsidiary company.

17. REVENUE

	Group	
	2018	**2017**
	RM	**RM**
Revenue from contract with customers - construction	**33,826,351**	27,407,183

Notes to the Financial Statements

For the financial year ended 31 December 2018
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18. PROFIT/(LOSS) BEFORE TAXATION

(a) Profit/(Loss) before taxation has been determined after charging/(crediting) the following items:-

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Auditors' remuneration	**113,500**	113,500	**20,000**	20,000
Amortisation of investment properties	**-**	15,000	**-**	-
Depreciation of property, plant and equipment	**97,776**	100,908	**-**	-
Interest expense on - bank overdrafts	**91,888**	192,738	**-**	-
Interest income	**(4,220)**	(25,424)	**-**	-
Rental income from equipment leases	**(48,960)**	(48,960)	**-**	-
Rental income from property leases	**(185,220)**	(185,220)	**-**	-
Reversal of impairment loss on receivables	**-**	(2,104,120)	**-**	-
Impairment loss on trade receivables	**274,307**	-	**-**	-

(b) Employees' information

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Salaries and allowances	**2,269,493**	2,126,769	**140,000**	140,000
Contribution to Employees Provident Fund	**247,695**	229,952	**-**	-
Other benefits	**24,623**	26,530	**-**	-

The total number of employees of the Group and the Company (including Directors) at year end were 42 (2017: 40) and 5 (2017: 5) respectively.

19. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Directors				
- remuneration	**344,000**	344,000	**140,000**	140,000

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:-

	Number of Directors	
	2018	2017
Non executive Directors:		
RM0 to RM50,000	**4**	4

Notes to the Financial Statements

For the financial year ended 31 December 2018
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20. TAXATION

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Current tax expense				
Malaysian - prior year	**220,503**	-	**-**	-
Total current tax expense	**220,503**	-	**-**	-
Deferred tax expense				
Deferred tax - current	**(76,347)**	324,000	**-**	-
Underprovision of deferred liabilty in prior year	**9,547**	148,718	**-**	-
Total deferred tax expense (Note 9)	**(66,800)**	472,718	**-**	-
Total tax expense	**153,703**	472,718	**-**	-
Reconciliation of effective tax expense				
Profit/(Loss) before taxation	**246,437**	806,576	**(243,142)**	(235,782)
Tax at Malaysian tax rate of 24%	**59,145**	193,578	**(58,354)**	(56,588)
Non-deductible expenses	**85,011**	130,422	**58,354**	56,588
	144,156	324,000	**-**	-
Under provision of deferred tax liability in prior year:				
- deferred tax	**9,547**	148,718	**-**	-
	153,703	472,718	**-**	-

21. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2018 was based on the profit attributable to ordinary shareholders of RM92,734 (2017: profit of RM333,858) and 136,483,676 (2017: 136,483,676) ordinary shares outstanding during the year.

22. SEGMENTAL REPORTING

Segmental reporting is not presented as the Group is principally engaged in civil and building construction works which are substantially within a single business segment and this is consistent with the current practice of internal reporting. The Group operates primarily in Malaysia.

Notes to the Financial Statements

For the financial year ended 31 December 2018
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23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as amortised cost ("AC") and fair value through profit or loss designated upon initial recognition (FVTPL – DUIR). The details are as follows:

2018 Financial assets	Carrying amount RM	AC RM	FVTPL - DUIR RM
Group			
Trade and other receivables	170,456,341	170,456,341	-
	170,456,341	170,456,341	-
Company			
Trade and other receivables	1,648,106	1,648,106	-
	1,648,106	1,648,106	-

2018 Financial liabilities	Carrying amount RM	AC RM
Group		
Loans and borrowings	918,421	918,421
Trade and other payables	54,433,279	54,433,279
	55,351,700	55,351,700
Company		
Other payables	303,399	303,399
	303,399	303,399

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)

Notes to the Financial Statements

For the financial year ended 31 December 2018
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23. FINANCIAL INSTRUMENTS *cont'd*

23.1 Categories of financial instruments *cont'd*

	Carrying Amount RM	L&R RM	OL RM
2017			
Group			
Financial assets			
Trade and other receivables	171,245,158	171,245,158	-
	171,245,158	171,245,158	-
Financial liabilities			
Loans and borrowings	1,034,107	-	1,034,107
Trade and other payables	51,468,301	-	51,468,301
	52,502,408	-	52,502,408
Company			
Financial assets			
Trade and other receivables	1,867,703	1,867,703	-
	1,867,703	1,867,703	-
Financial liabilities			
Other payables	279,439	-	279,439
	279,439	-	279,439

23.2 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

23.3 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.

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.3 Credit risk *cont'd*

Receivables *cont'd*

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.

Impairment losses

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

	Gross RM	Collective Impairment RM	Net RM
Group			
2018			
Not past due	**4,932,907**	**-**	**4,932,907**
Past due 91-180 days	**-**	**-**	**-**
Past due 181-364 days	**14,664,662**	**-**	**14,664,662**
Past due more than 365 days	**157,655,800**	**(7,069,921)**	**150,585,879**
	177,253,369	**(7,069,921)**	**170,183,448**
2017			
Not past due	8,011,334	-	8,011,334
Past due 91-180 days	3,668,869	-	3,668,869
Past due 181-364 days	28,706,814	-	28,706,814
Past due more than 365 days	135,235,345	(6,795,614)	128,439,731
	175,622,362	(6,795,614)	168,826,748

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

	Group 2018 RM	2017 RM
At 1 January	**6,795,614**	8,899,734
Addition	**274,307**	-
Reversal of impairment losses	**-**	(2,104,120)
At 31 December	**7,069,921**	6,795,614

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.3 Credit risk *cont'd*

Receivables *cont'd*

Impairment losses cont'd

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 RM918,421 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.

Concentration risk

Credit risk concentration profile (under credit risk)

The Group through its subsidiary company has substantial majority of trade receivables which are derived from sales to related companies which accounted for 100% of net revenue. Additionally, these two largest customers accounted for 99% of our accounts receivable as of 31 December 2018. The management believe that the receivable balances from these largest customers do not represent a significant credit risk based on cash flow forecasts, balance sheet analysis, and past collection experience.

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.4 Liquidity risk

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

Maturity analysis

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

	Carrying amount	Contractual Interest Rate	Under 1 year	Contractual flows
	RM	%	RM	RM
2018				
Bank overdraft	**918,421**	**9.1%**	**1,001,997**	**1,001,997**
Trade and other payable	**54,433,279**	**-**	**-**	**54,433,279**
	55,351,700		**1,001,997**	**55,435,276**
2017				
Bank overdraft	1,034,107	9.1%	1,128,211	1,128,211
Trade and other payable	51,345,598	-	-	51,345,598
	52,379,705		1,128,211	52,473,809

23.5 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.

Notes to the Financial Statements
For the financial year ended 31 December 2018
cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.5 Market risk *cont'd*

Interest rate risk *cont'd*

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:-

	Group	
	2018	**2017**
	RM	**RM**
Fixed rate instruments		
Financial assets	**134,523**	130,303
Floating rate instruments		
Financial liabilities	**(918,421)**	(1,034,107)

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 statement of comprehensive income.

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss	
	100 bp increase	**100 bp decrease**
	RM	**RM**
2018		
Floating rate instrument	-	-
2017		
Floating rate instrument	(23,667)	23,667

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.6 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).

24. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and 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. Net debt includes loans and borrowing, 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 2018 and 31 December 2017 are as follows:-

		Group	
		2018	2017
	Note	RM	RM
Loans and borrowings	16	**918,421**	1,034,107
Less: Cash and bank balance	11	**(31,290)**	(22,860)
Less: Short term deposits	11	**(134,523)**	(130,303)
Net debt		**752,608**	880,944
Total equity		**129,872,499**	129,779,765
Capital and debt		**130,625,107**	130,660,709
Gearing ratio		**1%**	1%

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

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	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Contingent liabilities				
Corporate guarantee given to supplier for facilities granted to a subsidiary company	**-**	-	**1,700,000**	1,700,000
Corporate guarentee given to financial instituition for facilities granted to a subsidiary company	**7,900,000**	7,900,000	**-**	-
Payment guarantees issued in the form of bank guarantee given to suppliers by a subsidiary company	**100,000**	100,000	**-**	-
	8,000,000	8,000,000	**1,700,000**	1,700,000

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 Nurdin are common Directors; and

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

Notes to the Financial Statements

For the financial year ended 31 December 2018
cont'd

26. RELATED PARTIES *cont'd*

Identity of related parties *cont'd*

The significant related party transactions of the Group, other than key management personnel compensation (see Note 19), are as follows:-

	Amount transacted for the year ended 31 December	Gross balance outstanding at 31 December	Allowance for impairment loss at 31 December	Net balance outstanding at 31 December	Reversal of impairment loss recognised for the year ended 31 December
	RM	RM	RM	RM	RM
2018					
Related parties					
Revenue	33,826,351	148,303,920	7,069,921	141,233,999	274,307
Rental income	234,180	-	-	-	-
Construction cost	-	-	-	-	-
Advance given	-	-	-	-	-
2017					
Related parties					
Revenue	27,407,183	137,768,254	6,795,614	130,972,640	(2,104,120)
Rental income	234,180	-	-	-	-
Construction cost	-	1,996,633	-	1,996,633	-
Advance given	19,495	163,734	-	-	-

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

Analysis of Shareholdings

As at 10 April 2019

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	:	2,414

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	1,432	59.32	29,830	0.02
100 – 1,000	868	35.96	147,702	0.11
1,001 – 10,000	50	2.07	189,260	0.14
10,001 – 100,000	33	1.37	1,255,879	0.92
100,001 – 6,824,182*	27	1.12	59,044,004	43.26
6,824,183 and above **	4	0.17	75,817,000	55.55
Total	**2,414**	**100.00**	**136,483,675**	**100.00**

* *Less than 5% of issued shares*
** *5% and above of issued shares*

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Tan Sri Datuk Adzmi Bin Abdul Wahab	-	-	-	-
2. Norazmi Bin Mohamed Nurdin	5,016,000	3.68	-	-
3. Jamil Bin Saimon	-	-	-	-
4. Dato' Noor Azman @ Noor Hizam Bin Mohd Nurdin	62,817,000	46.03	9,000,000	6.59(1)
5. Dato' Hazli Bin Ibrahim	554,400	0.41	157,000	0.11(2)

Notes:-

(1) Deemed interest by virtue of his spouse, DatinNorHayatibtAbd Malik's direct shareholdings in LebtechBerhad
(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	46.03	9,000,000	6.59(1)
2. Norazlan Bin Mohamad Nordin	9,048,000	6.63	23,000	0.02(2)
3. Datin Nor HayatiBtAbd Malik	9,000,000	6.59	62,817,000	46.03(3)

Notes:-

(1) Deemed interest by virtue of his spouse, DatinNorHayatibtAbd Malik's direct shareholdings in LebtechBerhad
(2) Deemed interest by virtue of his spouse, FatmawatibtKasbin's direct shareholdings in LebtechBerhad
(3) Deemed interest by virtue of her spouse,Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin's direct shareholdings in LebtechBerhad

Analysis of Shareholdings

As at 10 April 2019
cont'd

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.	PerbadananSetiausahaKerajaan Selangor	2,819,800	2.07
15.	DB (Malaysia) Nominee (Asing) Sdn Bhd (Exempt An For Bank of Singapore Limited)	1,943,600	1.42
16.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. (PledgedSecurities Account for Norazmi Bin Mohamed Nurdin)	1,800,000	1.32
17.	Abu Sujak Bin Mahmud	1,174,600	0.86
18.	PerbadananKemajuanNegeri Selangor	1,000,000	0.73
19.	Mohd Don Bin Mastol @ Mastor	944,900	0.69
20.	Mhd Omar Bin Abdul Hamid	854,600	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	391,000	0.29
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		**134,755,604**	**98.73**

List of Properties

As at 31 December 2018

Location	Tenure	Description/ Existing Use	Approximate Age of Buildings (Years)	Land Area/ Built-up Area (Sq. m.)	Net Book Value at 31.12.2015 (RM'000)	Date of Acquisition
No. 2, Jalan Tengku Ampuan Zabedah J9/J, Section 9, 40000 Shah Alam, Selangor Darul Ehsan	99 years leasehold, expiring on 20/12/2100	3½ Storey Corner Shop/ Office Building	15	254/935	1,551	14/10/2002
No. 4, Jalan Tengku Ampuan Zabedah J9/J, Section 9, 40000 Shah Alam, Selangor Darul Ehsan	99 years leasehold, expiring on 20/12/2100	3½ Storey Intermediate Shop/Office Building	15	153/599	1,159	14/10/2002
Lot 9024, Jalan Mahang Satu, Taman Meru Utama, 41050 Klang, Selangor Darul Ehsan	Freehold	4 Storey (end lot) Shop Office	24	156/603	155	09/12/1996
Lot 9026, Jalan Mahang Satu, Taman Meru Utama, 41050 Klang, Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	24	156/603	155	09/12/1996
Lot 9028, Jalan Mahang Satu, Taman Meru Utama, 41050 Klang, Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	24	156/603	155	09/12/1996

Note:-

The above properties were registered under the name of Lebtech Construction Sdn Bhd, a wholly-owned subsidiary of the Company.

Notice of 17th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of Lebtech Berhad will be held at Patio 7, Level 2, Concorde Hotel Shah Alam, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 25 June 2019 at 11.30 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note A)**

2. To approve the Directors' fees for the financial year ended 31 December 2018. **(Resolution 1)**

3. To re-elect Dato' Hazli Bin Ibrahim, who retire by rotation in accordance with Article 84 of the Company's Articles of Association and, being eligible, have offered himself for re-election. **(Resolution 2)**

4. To re-appoint Messrs Afrizan Tarmili Khairul Azhar as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 3)**

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions:-

5. **Authority to Continue in Office as Independent Non-Executive Director**

   "THAT authority be and is hereby given to Dato'Hazli Bin Ibrahim, who has served the Board as Independent Non-Executive Director of the Company for a cumulative term of more than eight (8) years since 2010, to continue to act as Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2012." **(Resolution 4)**

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

   "THAT subject to the Companies Act, 2016 ("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 Company's Circular to Shareholders dated 28th June 2018, 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;

Notice of 17th Annual General Meeting
cont'd

(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 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

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

whichever is earlier.

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 5)**

7. To transact any other ordinary business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Act.

By Order of the Board

NOR HISYAM BIN AHMAD FODZI
(LS 0009957)
Group Company Secretary

Shah Alam
25th April 2019

Notes:

A. This item in the Agenda is meant for discussion only as under the provisions of Section 248(2) of the Companies Act, 2016 and Company's Articles of Association, the audited financial statements do not require the formal approval of the shareholders. As such, this matter will not be put forward for voting.

1. A proxy may but need not be a member of 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 later 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.

Notice of 17th Annual General Meeting
cont'd

Explanatory Note on Special Business

7. ***Resolution 4 - Authority to Continue in Office as Independent Non-Executive Director***

Pursuant to the Malaysian Code on Corporate Governance 2012, the Nomination Committee has assessed the independence of Dato' Hazli Bin Ibrahim, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than eight years and the Nomination Committee has recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

i. Dato'Hazli Bin Ibrahim has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
ii. He provides the Board and Audit Committee a diverse set of experience and expertise and his length of services on the Board of more than eight years does not in any way interfere with his exercise of objective judgement or his ability to act in the best interests of the Company and the Group; and
iii. He is familiar with the Company's business operations which enable him to contribute actively during discussions at the Audit Committee and Board Meetings.

8. ***Resolution 5 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature***

The proposed ordinary resolution under item 6, 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.

Members Entitled to Attend

For the purpose of determining a member who shall be entitled to attend this 17th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with the provisions under Article 62 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 19th June 2019. Only a depositor whose name appears on the ROD as at 19th June 2019 shall be entitled to attend the said Meeting or appoint proxies to attend and vote on his/her behalf.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, there is no individual standing for election as a Director, save for Directors who are standing for re-election.

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FORM OF PROXY

LEBTECH BERHAD
(590945-H)

I/We ______________________________NRIC No./Company No. ______________________

of ____

being a member/members of **LEBTECH BERHAD**, hereby appoint ______________________________

of ____

or ____

of ____

or failing him/her, the Chairman of the Meeting, as my/our proxy, to vote for me/us and on my/our behalf at the 17th Annual General Meeting of Lebtech Berhad to be held at Patio 7, Level 2, Concorde Hotel Shah Alam, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 25 June 2019 at 11.30 a.m. and at any adjournment thereof, for/against the resolution(s) to be proposed thereat.

Please indicate with an "X" in the appropriate box provided 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	Approval of Directors' fees		
No. 2	Re-election of Dato' Hazli Bin Ibrahim as Director		
No. 3	Re-appointment of Messrs Afrizan Tarmili Khairul Azhar as Auditors		
No. 4	Continuing in office as Independent Non-Executive Director - Dato' Hazli Bin Ibrahim		
No. 5	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

As witness my/our hand this _______________day of __________2019

No. of shares held:	

CDS Account No.	

____
Signature/Common Seal

Notes:-

1. *A proxy may but need not be a member of 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 later 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 This Flap For Sealing

Then Fold Here

AFFIX
STAMP

Group Company Secretary

LEBTECH BERHAD (590945-H)

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)

www.lebtech.com.my

LEBTECH BERHAD (590945-H)

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