



LEBTECH BERHAD
(590945-H)



ANNUAL
REPORT
2012



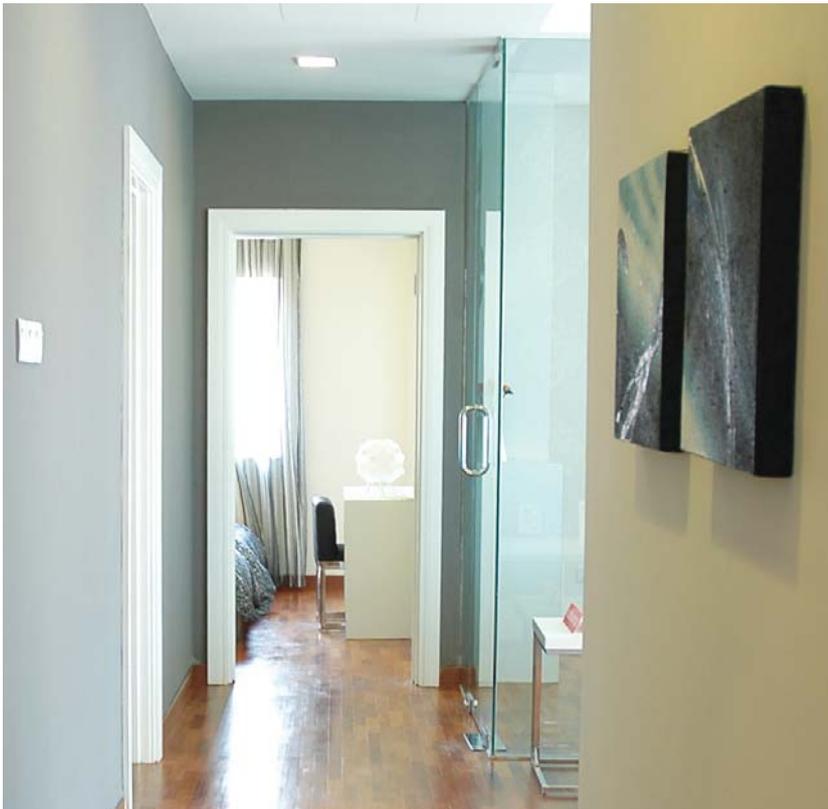


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CORPORATE INFORMATION



BOARD OF DIRECTORS

NORAZMI BIN MOHAMED NURDIN
(Chairman/Managing Director)

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

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

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

HAZLI BIN IBRAHIM
*(Independent
Non-Executive Director)*

**NOORAZHAR
BIN MOHAMED NURDIN**
*(Non-Independent
Non-Executive Director)*

CORPORATE INFORMATION

AUDIT COMMITTEE

HAZLI BIN IBRAHIM
(Chairman)

**TAN SRI DATUK ADZMI
BIN ABDUL WAHAB**

**DATO' NIK ISMAIL
BIN DATO' NIK YUSOFF**

NOMINATION COMMITTEE

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

HAZLI BIN IBRAHIM

**NOORAZHAR
BIN MOHAMED NURDIN**

REMUNERATION COMMITTEE

**TAN SRI DATUK ADZMI
BIN ABDUL WAHAB**
(Chairman)

**DATO' NIK ISMAIL
BIN DATO' NIK YUSOFF**

HAZLI BIN IBRAHIM

**NOORAZHAR BIN MOHAMED
NURDIN**

COMPANY SECRETARY

Jelita binti Muhamad Salleh
(MAICSA 7060739)

AUDITORS

Afrizan Tarmili Khairul Azhar
Chartered Accountants
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Rampai Business Park
53300 Kuala Lumpur
Tel. No. : 603-4143 9330
Fax. No. : 603-4142 9330

REGISTERED OFFICE

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

SHARE REGISTRAR

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

PRINCIPAL BANKERS

CIMB Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities
Berhad

The Malaysian economy is clearly on track to achieve high income and advanced nation status by 2020.





TIMELESS

BY DESIGN



PROFILES OF THE BOARD OF DIRECTORS

NORAZMI BIN MOHAMED NURDIN

aged 47, Malaysian, was appointed as Chairman and Managing Director of Lebtech Berhad (“LEBTECH”) on 7 January 2004. He holds a Degree in Civil Engineering and also a Degree in Engineering Management from the University of Portland, USA. He started his career with Petronas Berhad in November 1992 as Senior Executive, Tender and Contract Division. He was with the company until 1996. Prior to joining the LEBTECH Group, he was the General Manager of Putrajaya Holdings Sdn Bhd and also served in various senior positions in several other private companies under Putrajaya Holdings Sdn Bhd. He is the key personnel in the management team that runs the day-to-day operations of LEBTECH Group. He also sits on the boards of several other private companies. He does not hold any other directorships of public companies. He holds a total of 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, Encik Noorazhar bin Mohamed Nurdin, a Non-Independent Non-Executive Director and Encik Norazlan bin Mohamad Nordin, a major shareholder of LEBTECH and the brother-in-law to Datin Nor Hayati bt Abd Malik, a major shareholder of LEBTECH. He is the spouse of Noraida binti Mohamed Khatin, a Director of Bina-Mas Construction & Landscape Sdn Bhd. 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 pages 19-20 of this Annual Report. He attended all the five board meetings held during the financial year ended 31 December 2012.

TAN SRI DATUK ADZMI BIN ABDUL WAHAB

aged 70, Malaysian, was appointed as Independent Non-Executive Director of LEBTECH on 13 December 2007. He is the Chairman of the Remuneration Committee and is a member of the Audit Committee. He holds a Bachelor of Arts (Hons) Degree in Economics from the University of Malaya and a Master of Business Administration from the University of Southern California, USA. He was appointed as the longest serving Managing Director of Edaran Otomobil Nasional Berhad (EON) in November 1992 until May 2005. In 2003, he was conferred Malaysia CEO of the Year by AMEX and Business Times. He was first Chairman of the Malaysian Franchise Association from 1994 to 2005. He served the Malaysian Administrative and Diplomatic Service in various capacities from 1967 to 1982 in the following areas: Central Procurement and Contract Management in Ministry of Finance, Investment Promotion in Pahang Tenggara Development Authority, Public Enterprise Management in Implementation Coordination Unit (Prime Minister’s Department), Regional Planning in Klang Valley Planning Secretariat (Prime Minister’s Department). He was a Manager, Corporate Planning Division of HICOM Berhad involved in development of heavy industries projects from 1982 to 1985. He served PROTON in 1985 to 1992 and his last position in PROTON was Director/Corporate General Manager, Administration and Finance Division. He has wide experience of over 20 years serving as a chairman and director of HICOM, PROTON and EON Group of Companies involved in automotive (car manufacturing, distribution and component), property development, telecommunication, general trading, life insurance and franchise businesses. He currently also sits on the boards of Magna Prima Berhad, Dataprep Holdings Bhd, and other private companies involved in ICT, property development and construction, manufacturing, automotive and franchise businesses. He is also the Advisor to the Malaysian Franchise Association. He does not hold any ordinary shares in LEBTECH. He does not have any family relationship with any Director and/or major shareholder of LEBTECH and has no conflict of interest with LEBTECH. He attended all the five board meetings held during the financial year ended 31 December 2012.

PROFILE OF THE BOARD OF DIRECTORS

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

aged 67, Malaysian, was appointed as Independent Non-Executive Director of LEBTECH on 7 January 2004. He serves as the Chairman of the Nomination Committee and is a member of the Audit and Remuneration Committees. He obtained a Diploma in Police Science from the University Kebangsaan Malaysia. He began his career with the Royal Malaysia Police in 1965, where he served in numerous senior positions within the Royal Malaysia Police such as the Head of Special Branch, Terengganu (1982-1983), Commandant Special Branch Training School (1989-1992), Deputy Director Special Branch 1 (1995-1997), and Chief Police Officer of Terengganu (1997), Kedah (1997-1999), Selangor (1999-2001). He retired from the force as the Deputy Commissioner of Police in 2001. He currently also sits on the boards of Advance Information Marketing Berhad, Scan Associates Berhad and several other private companies. He does not hold any ordinary shares in LEBTECH. He does not have any family relationship with any Director and/or major shareholder of LEBTECH and has no conflict of interest with LEBTECH. He attended all the five board meetings held during the financial year ended 31 December 2012.

HAZLI BIN IBRAHIM

aged 50, Malaysian, was appointed as Independent Non-Executive Director of LEBTECH on 13 April 2010. He serves as the Chairman of the Audit Committee and is a member of the Nomination and Remuneration Committees. He holds a Bachelor of Finance with Accounting from the University of East London and a fellow of the Association of Chartered Certified Accountants and a Master of Business Administration (Finance) from Cass Business School, London. He started his career in London with several chartered accountants firms. Upon his return to Malaysia in August 1994, he joined Aseambankers Malaysia Berhad, an investment banking arm of Malayan Banking Berhad as Manager of Corporate Finance. Subsequently in November 1996, he moved to Amanah Merchant Bank Berhad. He left Amanah Group in September 1998 to join Pengurusan Danaharta Nasional Berhad ("Danaharta"), a national asset management company of Malaysia, as the Head of Corporate Planning, Corporate Services Division. He left Danaharta in October 2002 to set up Haz-iq Capital Sdn. Bhd., a consultancy firm, specializing in corporate finance works, where he is currently the Managing Director. He has extensive experience in investment banking and capital markets. He currently sits on the boards of Mentiga Corporation Berhad and DutaLand Berhad and several other private companies. He holds a total of 711,400 ordinary shares (direct and indirect) in LEBTECH and is deemed to have an interest in the shares of the subsidiary companies to the extent held by LEBTECH. He does not have any family relationship with any Director and/or major shareholder of LEBTECH and has no conflict of interest with LEBTECH. He attended all the five board meetings held during the financial year ended 31 December 2012.

DATO' NOOR AZMAN @ NOOR HIZAM BIN MOHD NURDIN

aged 51, Malaysian, was appointed as Non-Independent Non-Executive Director of LEBTECH on 7 January 2004. He graduated with an Honours in Business Management degree from the University Kebangsaan Malaysia. He began his career as a Corporate and Retail Banking Executive with MUI Bank Berhad in 1985. He left MUI Bank Berhad in 1988 to set up Lebar Daun Construction Sdn. Bhd.. He also sits on the boards of several other private companies. He does not hold any other directorships of public companies. He holds a total of 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 Chairman and Managing Director and a major shareholder of LEBTECH and Encik Noorazhar bin Mohamed Nurdin, a Non-Independent Non-Executive Director and Encik Norazlan bin Mohamad Nordin, a major shareholder of LEBTECH. He does not have any conflict of interest with the Company except for the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the LEBTECH Group for which he is deemed to be interested as disclosed in pages 19-20 of this Annual Report. He attended four out of five board meetings held during the financial year ended 31 December 2012.

NOORAZHAR BIN MOHAMED NURDIN

aged 38, Malaysian, was appointed as Non-Independent Non-Executive Director of LEBTECH on 29 February 2012. He is a member of the Nomination and Remuneration Committees. He holds a Diploma in Electrical Engineering (Communication) from the University of Technology Malaysia. He started his career with Lebar Daun Sdn Bhd as Assistant Engineer in November 1996 and later became the Deputy Chief Executive Officer (Development) and currently holding the position of Executive Director for Lebar Daun Development Sdn Bhd since January 2003. He also sits on the boards of several other private companies. He does not hold any other directorships of public companies. He holds a total of 254,800 ordinary shares in LEBTECH and is deemed to have an interest in the shares of the subsidiary companies to the extent held by LEBTECH. He is the brother of Encik Norazmi bin Mohamed Nurdin, the Chairman and Managing Director and major shareholder of LEBTECH and the brother of Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin, the Non-Independent Non-Executive Director and major shareholder of LEBTECH and the brother of Encik Norazlan bin Mohamad Nordin, a major shareholder of LEBTECH and the brother-in-law to Datin Nor Hayati bt Abd Malik, a major shareholder of LEBTECH. He has no conflict of interest with LEBTECH. He attended all the five board meetings held during the financial year ended 31 December 2012.



On the positive note, the construction sector is projected by the government to expand 11.2% in the economic growth in 2013.



SPACIOUS

BY DESIGN

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

I AM PLEASED TO PRESENT HERewith THE ANNUAL REPORT 2012 AND THE AUDITED FINANCIAL STATEMENTS OF LEBTECH BERHAD FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012.



CHAIRMAN'S STATEMENT

REVIEW OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The Malaysian economy is clearly on track to achieve high income and advanced nation status by 2020. Real GDP grew 5.6% in 2012, surpassed consensus forecasts of a little over 5.0% and the Treasury's 2013 Budget forecast of between 4.5 - 5.0%. The 2012 growth was driven by continuing strong domestic demand, with impressive annual growth in both private consumption and private and public investment outlays. The construction sector, which is benefitting from the ongoing implementation of infrastructure projects, expanded strongly at 15.5%. On the positive note, the construction sector is projected by the government to expand 11.2% in the economic growth in 2013.



FINANCIAL PERFORMANCE

The financial year ended 31 December 2012 saw the Group registered a profit before taxation of RM6.924 million as compared with RM2.485 million achieved in the last financial year. However, turnover decreased from RM76.461 million last year to RM53.372 million this year. The decrease in revenue was mainly due to the slower progress at site of several construction contracts undertaken by the Group.

There was no movement in the Company's issued and paid-up share capital during the year under review. As at 31 December 2012, the Company's issued and paid-up share capital remained at RM68.242 million with shareholders' fund and net asset per share increased marginally to RM114.189 million and RM0.837, from RM106.586 million and RM0.782 a year before, respectively.

CHAIRMAN'S STATEMENT



REVIEW OF OPERATION

Despite the high competition in the sector, the Group showed perseverance and resilient where it managed to produce a set of positive financial results for 2012. The construction of two (2) Selangor Syariah Lower Courts has been completed and the next four (4) other Syariah Lower Courts are expected to be completed in 2013.

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

DIVIDEND

The Board has decided to place utmost priority in keeping positive cash flow and cash conservation, and thus has proposed that no dividend be paid for financial year ended 31 December 2012.

PROSPECT

The Group will focus on securing more construction jobs in 2013 to increase its revenue and building a strong order book. To achieve this, the Group will be more active in its bidding for construction jobs in the public as well as in the private sectors.

CHAIRMAN'S STATEMENT



On private residential projects, the Group expects the sector will still be challenging in 2013 compared with last year. This is mainly due to a very competitive market conditions in the construction industry.

Going forward, the Group will remain cautious in view of the uncertainties and will continue to focus on cost control measures and to increase productivity to meet the challenges ahead. On this basis, we anticipate the Group's performance in 2013 will improve from that of 2012.

ACKNOWLEDGEMENT

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

Thank you.

NORAZMI BIN MOHAMED NURDIN
Chairman/Managing Director

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of Lebtch 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.

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

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

ENVIRONMENT

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

WORKPLACE

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

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

COMMUNITY

LEBTECH Group has undertaken some CSR initiatives to support the community. LEBTECH Group has encouraged its employees to support and participate in some community activities such as organising Majlis Berbuka Pusa Bersama Dengan Anak-anak Yatim as well as has offered Industrial Training Programmes for University pre-graduates. Besides, LEBTECH Group has contributed monetary donations to the charitable organisations from time to time.

MARKETPLACE

At the marketplace, we always endeavor to deliver good quality products to our clients and have thus focused on the quality management system of our operations.

STATEMENT ON CORPORATE GOVERNANCE

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

The Board is pleased to report on the manner the Group has applied the principles and the extent of compliance with the best practices of the Code throughout the financial year ended 31 December 2012.

THE BOARD OF DIRECTORS

Board Composition, Duties and Responsibilities

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

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

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

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

Board Meetings and Supply of Information

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

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

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

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

Appointment to the Board

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

STATEMENT ON CORPORATE GOVERNANCE

(CONTINUED)

Re-election of Directors

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

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

Directors' Training

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

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

During the financial year, the Directors have not attended any training programmes due to busy business schedules. However, the Directors have been briefed and updated by the company secretary and the senior management on relevant new regulations and statutory requirements during the Audit Committee and Board meetings.

BOARD COMMITTEES

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

Audit Committee

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

Nomination Committee

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

Chairman

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

Members

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

Noorazhar Bin Mohamed Nurdin (*Non-Independent Non-Executive Director*)

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

Remuneration Committee

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

Chairman

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

STATEMENT ON CORPORATE GOVERNANCE

(CONTINUED)

Members

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

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

Noorazhar Bin Mohamed Nurdin (*Non-Independent Non-Executive Director*)

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

DIRECTORS' REMUNERATION

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

The Directors' remuneration paid or payable to all the Directors of the Company for the financial year ended 31 December 2012 are as follows:-

	Fees RM	Salaries RM	Total RM
Executive Director	-	234,000	234,000
Non-Executive Directors	150,000	-	150,000
Total	150,000	234,000	384,000

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

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

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

SHAREHOLDERS

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

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

STATEMENT ON CORPORATE GOVERNANCE

(CONTINUED)

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Directors' Responsibility Statement in respect of the Audited Financial Statements

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

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

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

Internal Control

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

Relationship with Auditors

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

COMPLIANCE WITH BEST PRACTICES IN CORPORATE GOVERNANCE

The Board is of the opinion that the Group has principally complied with the Best Practices in Corporate Governance as set out in the Code throughout the financial year 2012 save as explained above.

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.

STATEMENT ON CORPORATE GOVERNANCE

(CONTINUED)

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.

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 2012 RM
Construction works awarded to Lebtech Construction Sdn Bhd (LCSB) by Lebar Daun Development Sdn Bhd (LDDSB)	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾ Datin Nor Hayati bt Abd Malik ⁽⁴⁾	Nil
Letting of office premises to LDDSB by LCSB	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾ Datin Nor Hayati bt Abd Malik ⁽⁴⁾	175,000
Letting of office equipment and furniture to LDDSB by LCSB	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾ Datin Nor Hayati bt Abd Malik ⁽⁴⁾	46,250

STATEMENT ON CORPORATE GOVERNANCE

(CONTINUED)

Nature of Transactions	Interested Related Party	Transaction Value
		for the Financial Year Ended 31 December 2012 RM
Construction works awarded to LCSB by Basco Sdn Bhd (BASCO)	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾ Norazlan bin Mohamad Nordin ⁽⁵⁾ Fatmawati bt Kasbin ⁽⁶⁾	54,829,556
Construction works awarded to BASCO by LCSB	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾ Norazlan bin Mohamad Nordin ⁽⁵⁾ Fatmawati bt Kasbin ⁽⁶⁾	Nil
Construction works awarded to LCSB by BMCLSB	Norazmi bin Mohamed Nurdin ⁽¹⁾ Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin ⁽²⁾ Noorazhar bin Mohamed Nurdin ⁽³⁾ Noraida binti Mohamed Khatin ⁽⁷⁾	Nil

Notes:-

- (1) Norazmi bin Mohamed Nurdin is the Chairman/Managing Director and a major shareholder of Lebttech Berhad (LEBTECH) and a Director of LCSB (a wholly-owned subsidiary of LEBTECH) and LDDSB. He is the brother of Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin, Noorazhar bin Mohamed Nurdin and Norazlan bin Mohamad Nordin and the brother-in-law to Datin Nor Hayati bt Abd Malik and Fatmawati bt Kasbin.
- (2) Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin is a Non-Independent Non-Executive Director and major shareholder of LEBTECH and a Director of LCSB. He is also a Director and major shareholder of LDDSB. He is the spouse of Datin Nor Hayati bt Abd Malik and the brother of Norazmi bin Mohamed Nurdin, Noorazhar bin Mohamed Nurdin and Norazlan bin Mohamad Nordin and the brother-in-law to Fatmawati bt Kasbin.
- (3) Noorazhar bin Mohamed Nurdin is a Director of LCSB and LDDSB. He is the brother of Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Norazlan bin Mohamad Nordin and the brother-in-law to Datin Nor Hayati bt Abd Malik and Fatmawati bt Kasbin.
- (4) Datin Nor Hayati bt Abd Malik is a major shareholder of LEBTECH. She is also a Director and deemed major shareholder of LDDSB. She is the spouse of Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and the sister-in-law to Norazmi bin Mohamed Nurdin, Noorazhar bin Mohamed Nurdin, Norazlan bin Mohamad Nordin and Fatmawati bt Kasbin.
- (5) Norazlan bin Mohamad Nordin is a major shareholder of LEBTECH. He is also a Director and major shareholder of BASCO. He is the spouse of Fatmawati bt Kasbin and the brother of Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Noorazhar bin Mohamed Nurdin and the brother-in-law to Datin Nor Hayati bt Abd Malik.
- (6) Fatmawati bt Kasbin is a Director and deemed major shareholder of BASCO. She is the spouse of Norazlan bin Mohamad Nordin and the sister-in-law to Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin, Noorazhar bin Mohamed Nurdin and Datin Nor Hayati bt Abd Malik.
- (7) Noraida binti Mohamed Khatin is a Director of BMCLSB. She is the spouse of Norazmi bin Mohamed Nurdin and the sister-in-law to Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin and Noorazhar bin Mohamed Nurdin.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee presently comprises the following members:-

Chairman

Hazli Bin Ibrahim (Independent Non-Executive Director)

Members

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

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

TERMS OF REFERENCE

1. Objectives

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

- a) oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- b) maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- c) determine the adequacy of the Group's administrative, operating and accounting controls.

2. Membership

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

- a) the Audit Committee must be composed of no fewer than three (3) members;
- b) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
- c) at least one (1) member of the Audit Committee:-
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

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

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

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

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

AUDIT COMMITTEE REPORT

(CONTINUED)

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.

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;

**AUDIT COMMITTEE
REPORT**

(CONTINUED)

- 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.

MEETINGS

During the financial year ended 31 December 2012, five (5) Audit Committee Meetings were held and the details of attendance of each Audit Committee member are as follows:-

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

AUDIT COMMITTEE REPORT

(CONTINUED)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

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

- i) Reviewed, discussed and approved the audit plans for the year for the Group and the Company presented by the internal auditor.
- ii) Reviewed the adequacy of the scope, functions and staffing requirements of Group's Internal Audit Department to ensure that it was adequately staffed by employees with the relevant skills, knowledge and experience to enable the Group's Internal Audit Department to perform its role and that it has the necessary authority to carry out its work.
- iii) Reviewed the internal audit reports. The Audit Committee was briefed on the audit reports issued and on the issues raised by the Internal Auditor on various aspects of the system in operation, practices and procedures and internal controls. Special notice was taken of significant issues raised in the audit reports and that adequate corrective actions have been taken by the Operating Management to rectify the weaknesses.
- iv) Reviewed the external auditors' scope of work and audit plan of the year.
- v) Reviewed the quarterly results and year-end financial statements prior to the approval by the Board of Directors focusing particularly on:-
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
- vi) Reviewed the related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that raises questions of Management integrity.
- vii) Commissioned special reviews on specific areas of operations.

INTERNAL AUDIT FUNCTION

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

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

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

During the financial year, the total cost incurred for the internal audit function is RM40,650.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

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

RESPONSIBILITY

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

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

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

The Board is of the view that the system of internal control in place for the year under review and up to the date of issuance of the annual report and financial statements is sound and sufficient based on the review performed by the internal audit department to safeguard the shareholders' investment, the interests 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, procurement process & procedure, contract review, safety & health compliance, admin & human resource activities, and fixed assets management.

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

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

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

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2012.

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	4,766,476	(240,721)
Profit/(Loss) attributable to: Owners of the Company	4,766,476	(240,721)

RESERVES AND PROVISIONS

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

DIVIDENDS

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

DIRECTORS OF THE COMPANY

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

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

**DIRECTORS'
REPORT**

(CONTINUED)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Shareholdings in which Directors have direct interest				
Norazmi bin Mohamed Nurdin	8,082,000	-	3,066,000	5,016,000
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	59,751,000	3,066,000	-	62,817,000
Hazli bin Ibrahim	554,400	-	-	554,400
Noorazhar bin Mohamed Nurdin	254,800	-	-	254,800
Shareholdings in which Directors have deemed interests				
Norazmi bin Mohamed Nurdin	78,076,800	3,066,000	-	81,142,800
Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin	26,407,800	-	3,066,000	23,341,800
Hazli bin Ibrahim	157,000	-	-	157,000

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

None of the other Directors holding office at 31 December 2012 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as disclosed in Note 27 to the financial statements.

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

ISSUE OF SHARES AND DEBENTURES

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

OTHER STATUTORY INFORMATION

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

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

DIRECTORS' REPORT

(CONTINUED)

OTHER STATUTORY INFORMATION (CONTINUED)

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 2012 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.

AUDITORS

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

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



.....
NORAZMI BIN MOHAMED NURDIN



.....
DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

Shah Alam, Malaysia

Date: 25 April 2013

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, NORAZMI BIN MOHAMED NURDIN and DATO' NIK ISMAIL BIN DATO' NIK YUSOFF being two of the Directors of LEBTECH BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 33 to 73 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 29 to the financial statements on page 73 have been prepared in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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



.....
NORAZMI BIN MOHAMED NURDIN



.....
DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

Shah Alam, Selangor

Date: 25 April 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LEBTECH BERHAD

Report on the Financial Statements

We have audited the financial statements of Lebttech Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 72.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and 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, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LEBTECH BERHAD (CONTINUED)

Other Reporting Responsibilities

The supplementary information set out in Note 29 to the financial statements on page 73 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirement, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

1. As stated in Note 3 to the financial statements, Lebttech Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially effect the statements of financial position as of 31 December 2012 and statements of comprehensive income and statements of cash flows for the year ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



.....
AFRIZAN TARMILI KHAIRUL AZHAR
AF 1300
Chartered Accountants

Shah Alam, Malaysia

Date: 25 April 2013



.....
MOHD AFRIZAN HUSAIN
Chartered Accountant (M)
1805/11/14 (J/PH)
Partner

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM	Group 31.12.2011 RM	1.1.2011 RM	31.12.2012 RM	Company 31.12.2011 RM	1.1.2011 RM
Non-current assets							
Property, plant and equipment	5	3,417,257	3,590,658	3,546,335	1	1	1
Intangible assets	6	11,803,642	11,803,642	11,803,642	-	-	-
Investment properties	7	510,000	525,000	540,000	-	-	-
Investments in subsidiaries	8	-	-	-	74,500,002	74,500,002	74,500,002
Deferred tax assets	9	4,472,228	5,048,156	5,048,156	-	-	-
Total non-current assets		20,203,127	20,967,456	20,938,133	74,500,003	74,500,003	74,500,003
Current assets							
Available for sale financial assets	10	2,113,918	4,788,707	10,237,210	-	-	-
Trade and other receivables	11	143,928,181	149,894,276	147,644,165	3,118,849	3,324,547	3,587,614
Current tax assets		-	27,294	27,294	-	27,294	27,294
Cash and cash equivalents		1,307,732	2,385,360	3,239,405	3,939	5,594	2,625
Total current assets		147,349,831	157,095,637	161,148,074	3,122,788	3,357,435	3,617,533
Total assets		167,552,958	178,063,093	182,086,207	77,622,791	77,857,438	78,117,536
Equity							
Share capital	13	68,241,838	68,241,838	68,241,838	68,241,838	68,241,838	68,241,838
Reserves	13	9,472,761	6,635,937	11,847,683	10,477,946	10,477,946	10,477,946
Retained earnings/ (Accumulated losses)	13	36,474,244	31,707,768	26,646,637	(1,297,993)	(1,057,272)	(767,174)
Total equity		114,188,843	106,585,543	106,736,158	77,421,791	77,662,512	77,952,610
Non-current liabilities							
Loans and borrowings	14	53,284	155,911	-	-	-	-
Total non-current liabilities		53,284	155,911	-	-	-	-
Current liabilities							
Deferred income	15	3,508,950	1,998,301	2,004,383	-	-	-
Trade and other payables	16	42,179,320	61,268,084	66,085,492	201,000	194,926	164,926
Current tax liabilities		816,360	259,117	254,979	-	-	-
Loans and borrowings	14	6,806,201	7,796,137	7,005,195	-	-	-
Total current liabilities		53,310,831	71,321,639	75,350,049	201,000	194,926	164,926
Total liabilities		53,364,115	71,477,550	75,350,049	201,000	194,926	164,926
Total equity and liabilities		167,552,958	178,063,093	182,086,207	77,622,791	77,857,438	78,117,536

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Revenue	17	53,372,350	76,460,839	-	-
Cost of sales		(49,178,661)	(67,880,160)	-	-
Gross profit		4,193,689	8,580,679	-	-
Other income		11,571,702	2,174,260	1,575	-
Administrative expenses		(5,239,763)	(6,575,412)	(283,153)	(290,098)
Other operating expenses		(3,071,202)	(1,155,852)	-	-
Results from operating activities		7,454,426	3,023,675	(281,578)	(290,098)
Finance costs		(530,011)	(539,056)	-	-
Profit/(Loss) before tax	18	6,924,415	2,484,619	(281,578)	(290,098)
Income tax expense	19	(2,157,939)	(1,265,497)	40,857	-
Profit/(Loss) for the year attributable to owners of the Company		4,766,476	1,219,122	(240,721)	(290,098)
Other comprehensive expense, net of tax					
Gain on fair value changes for available-for-sale financial assets		(234,378)	(1,369,737)	-	-
Total comprehensive expense for the year attributable to owners of the Company		4,532,098	(150,615)	(240,721)	(290,098)
Basic earnings per ordinary share (sen) attributable to owners of the Company	20	3.49	0.89		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

Group	Note	<----- Non-distributable ----->			Distributable	Total equity RM
		Share Capital RM	Fair value reserve RM	Share premium RM	Retained earnings RM	
At 1 January 2011		68,241,838	1,369,737	10,477,946	26,646,637	106,736,158
Profit for the year		-	-	-	1,219,122	1,219,122
Other comprehensive income		-	(1,369,737)	-	-	(1,369,737)
At 31 December 2011 /1 January 2012, as previously stated		68,241,838	-	10,477,946	27,865,759	106,585,543
Effect of adopting MFRS 139	28	-	(3,842,009)	-	3,842,009	-
At 1 January 2012, as restated		68,241,838	(3,842,009)	10,477,946	31,707,768	106,585,543
Derecognition of available for sale investment		-	3,071,202	-	-	3,071,202
Total comprehensive income for the year		-	(234,378)	-	4,766,476	4,532,098
At 31 December 2012		68,241,838	(1,005,185)	10,477,946	36,474,244	114,188,843

Company		<----- Non-distributable ----->			Distributable	Total equity RM
		Share Capital RM	Fair value reserve RM	Share premium RM	Accumulated losses RM	
At 1 January 2011		68,241,838	-	10,477,946	(767,174)	77,952,610
Loss for the year		-	-	-	(290,098)	(290,098)
At 31 December 2011/1 January 2012		68,241,838	-	10,477,946	(1,057,272)	77,662,512
Loss for the year		-	-	-	(240,721)	(240,721)
At 31 December 2012		68,241,838	-	10,477,946	(1,297,993)	77,421,791

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Cash flows from operating activities					
Profit/(Loss) before tax		6,924,415	2,484,619	(281,578)	(290,098)
<i>Adjustment for:</i>					
Allowance for doubtful debts		500,000	500,000	-	-
Depreciation of property, plant and equipment	5	253,838	425,759	-	-
Depreciation of investment properties	7	15,000	15,000	-	-
Derecognition of available-for-sale investment		3,071,202	-	-	-
Dividend income		(164,343)	(227,012)	-	-
Finance costs		530,011	539,056	-	-
Gain on disposal of investment in quoted shares		(292,529)	(164,042)	-	-
Gain on disposal of property, plant and equipment		-	(119,999)	-	-
Impairment loss on investment in quoted shares		-	1,129,850	-	-
Impairment loss on receivables		-	1,155,852	-	-
Interest income		(96,279)	(66,723)	-	-
Reversal of impairment loss on receivables		(4,803,221)	-	-	-
Reversal of trade payables		(5,941,335)	(1,267,484)	-	-
Reversal of provision for doubtful debts		(10,000)	(116,600)	-	-
Operating (loss)/profit before changes in working capital		(13,241)	4,288,276	(281,578)	(290,098)
Trade and other payables		(13,176,054)	(3,593,026)	6,074	30,000
Trade and other receivables		11,749,108	(3,795,450)	-	-
Cash flow used in operations		(1,440,187)	(3,100,200)	(275,504)	(260,098)
Interest received		96,279	66,723	-	-
Interest paid		(530,014)	(539,056)	-	-
Tax paid		(1,024,767)	(1,261,360)	-	-
Tax refund		68,151	-	68,151	-
Net cash flow used in operating activities		(2,830,538)	(4,833,893)	(207,353)	(260,098)
Cash flows from/(used in) investing activities					
Acquisition of available-for-sale investment		(259,000)	-	-	-
Acquisition of property, plant and equipment		(80,437)	(470,083)	-	-
Advance to related companies		28,624	43,109	-	-
Dividend received		164,343	227,012	-	-
Proceeds from disposal of available-for-sale investment		2,991,940	3,112,957	-	-
Proceeds from disposal of property, plant and equipment		-	120,000	-	-
Repayment to subsidiaries		-	-	205,698	263,067
Net cash flows from investing activities		2,845,470	3,032,995	205,698	263,067

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Cash flows from/(used in) financing activities					
(Repayment)/Drawdown of borrowings		(520,000)	62,000	-	-
(Repayment)/Drawdown of hire purchase		(97,373)	253,284	-	-
Decrease/(Increase) in pledged deposits		1,078,435	(65,093)	-	-
Net cash flows from financing activities		461,062	250,191	-	-
Net increase/(decrease) in cash and cash equivalents		475,997	(1,550,707)	(1,655)	2,969
Cash and cash equivalents at 1 January		(4,506,419)	(2,955,712)	5,594	2,625
Cash and cash equivalents at 31 December	12	(4,030,422)	(4,506,419)	3,939	5,594

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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 25 April 2013.

2. BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the first set of financial statements of the Group and the Company prepared in accordance with MFRSs, including MFRS 1, *First-Time Adoption of Malaysia Financial Reporting Standards*. The accounting policies have been applied in preparing the financial statements of the Group and the Company for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and the preparation of the opening MFRS statement of financial at 1 January 2011.

In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). There are no adjustments arising from the transition to MFRSs.

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

These financial statements are presented in Ringgit Malaysia.

Use of estimates and judgements

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Effective for financial periods beginning on or after 1 July 2012

- Amendments to MFRS 101, *Presentation of Items of Other Comprehensive Income*

Effective for financial periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investment in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interest in Other Entities: Transition Guidance*

Effective for financial periods beginning on or after 1 January 2014

- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

Effective for financial periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosure – Mandatory Date of MFRS 9 and Transition Disclosures*

The Group and the Company will adopt the pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial application, except so described below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Effective for financial periods beginning on or after 1 January 2015 (continued)

- (a) MFRS 10, 'Consolidated Financial Statements' (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127, 'Consolidated and Separate Financial Statements' and IC Interpretation 112, 'Consolidation – Special Purpose Entities'.
- (b) MFRS 12, 'Disclosures of Interests in Other Entities' (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128, 'Investments in Associates'. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structure entities.
- (c) MFRS 13, 'Fair Value Measurement' (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7, 'Financial Instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones.
- (d) The revised MFRS 127, 'Separate Financial statements' (effective from 1 January 2013) includes the provision on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.
- (e) Amendments to MFRS 101, 'Presentation of Items of Other Comprehensive Income' (effective 1 July 2012) requires entities to separate items presented in 'other comprehensive income' ('OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled profit or loss in the future. The amendments do not address which items are presented in OCI.
- (f) Amendments to MFRS 119, 'Employee Benefits' (effective from 1 January 2013) makes significant changes to the recognition and the measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.
- (g) Amendment to MFRS 7, 'Financial Instruments: Disclosures' (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognized financial instruments that are offset in the balance sheet and those that are subject to master netting or similar arrangements irrespective of whether they are offset.
- (h) Amendment to MFRS 132, 'Financial Instruments: Presentation' (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.
- (i) MFRS 9, 'Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities' (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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 profit and loss.

(ii) Transactions eliminated on consolidation

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

(b) Financial instruments

Financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied.

(i) Initial recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

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

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

(b) Available-for-sale financial assets

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

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

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

Financial liabilities

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

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

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

(iii) Financial guarantee contracts

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(iv) Regular way purchase or sale of financial assets

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

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

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

(v) Derecognition

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

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

(c) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

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

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

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

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

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

(iv) Derecognition

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

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

(d) Intangible assets

(i) Goodwill

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

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

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

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

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Intangible assets (continued)****(i) Goodwill (continued)**

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

(ii) Impairment

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

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

(e) Investment properties

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

Investment property carried at cost

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

Depreciation is charged to the 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.

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

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

(f) Leased assets**Leases**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leased assets (continued)

Operating leases

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

Finance lease

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

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

(g) Inventories

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

(h) Receivables

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

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

(i) Constructions work-in-progress

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

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

(j) 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).

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(k) Impairment****(i) Financial assets**

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

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

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

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

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

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

(ii) Other assets

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(k) Impairment (continued)****(ii) Other assets (continued)**

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

(l) Employee benefits

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

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

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

(m) Provisions

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

Contingent liabilities

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

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

(n) Revenue**(i) Goods sold**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue (continued)

(ii) Construction contracts

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

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

(o) Other income

(i) Rental income

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

(ii) Dividend income

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

(iii) Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

(p) Borrowing costs

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

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

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

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

(q) Income tax expense

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

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

**NOTES TO THE
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(q) Income tax expense (continued)**

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

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

(r) Earnings per share

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

(s) Operating segments

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

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

(t) Share capital

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings RM	Motor vehicles RM	Plant, machinery, office and tele-communication equipment RM	Fixtures, fittings and renovation RM	Total RM
Cost					
At 1 January 2011	3,566,005	2,806,271	948,498	260,290	7,581,064
Additions	-	431,295	38,788	-	470,083
Disposal	-	(475,000)	-	-	(475,000)
At 31 December 2011/1 January 2012	3,566,005	2,762,566	987,286	260,290	7,576,147
Additions	-	-	80,437	-	80,437
At 31 December 2012	3,566,005	2,762,566	1,067,723	260,290	7,656,584
Accumulated Depreciation					
At 1 January 2011	499,240	2,448,681	863,827	222,981	4,034,729
Depreciation	71,320	281,446	62,556	10,437	425,759
Disposal	-	(474,999)	-	-	(474,999)
At 31 December 2011/1 January 2012	570,560	2,255,128	926,383	233,418	3,985,489
Depreciation	71,320	127,387	44,955	10,176	253,838
At 31 December 2012	641,880	2,382,515	971,338	243,594	4,239,327
Carrying amounts					
At 1 January 2011	3,066,765	357,590	84,671	37,309	3,546,335
At 31 December 2011	2,995,445	507,438	60,903	26,872	3,590,658
At 31 December 2012	2,924,125	380,051	96,385	16,696	3,417,257
Company					Motor vehicles RM
Cost					
At 1 January 2011/31 December 2011/31 December 2012					103,017
Depreciation					
At 1 January 2011/31 December 2011/31 December 2012					103,016
Carrying amounts					
At 1 January 2011/31 December 2011/31 December 2012					1

Motor vehicle acquired on hire purchase

At 31 December 2012, the Group and the Company has motor vehicle acquired by means of hire purchase agreement with carrying value of RM294,718 (2011: RM380,977) and RM1 (2011: RM1) respectively. The new motor vehicle is registered under the name of a director via trust deeds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation for the year

The Group's depreciation during the year amounting to RM8,197 (2011: RM8,008) has been capitalised in the amount due from contract customers included under trade and other receivables in note 11.

Leasehold land and building

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

6. INTANGIBLE ASSETS

	31.12.2012	Group 31.12.2011	1.1.2011
	RM	RM	RM
Goodwill	11,803,642	11,803,642	11,803,642

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

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

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

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

The above estimates are particularly sensitive in the following areas:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

7. INVESTMENT PROPERTIES

Group Cost	Freehold land and building RM
At 1 January 2011/31 December 2011/31 December 2012	750,000
Accumulated depreciation	
At 1 January 2011	210,000
Depreciation for the year	15,000
At 31 December 2011/1 January 2012	225,000
Depreciation for the year	15,000
At 31 December 2012	240,000
Carrying amounts	
At 1 January 2011	540,000
At 31 December 2011	525,000
At 31 December 2012	510,000
Fair value	
At 1 January 2011/31 December 2011/31 December 2012	1,860,000

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

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

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

	31.12.2012 RM	31.12.2011 RM
Direct operating expenses	6,700	7,280

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 2012, the properties are pledged to a licensed bank to secure banking facilities granted to the Group (see note 14).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

8. INVESTMENTS IN SUBSIDIARIES

	31.12.2012 RM	Company 31.12.2011 RM	1.1.2011 RM
At cost:			
Unquoted shares	74,700,002	74,700,002	74,700,002
Direct operating expenses	(200,000)	(200,000)	(200,000)
	74,500,002	74,500,002	74,500,002

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
Lebtech Construction Sdn. Bhd.	Malaysia	Civil and building construction	100	100	100
Lebtech Energy Sdn. Bhd	Malaysia	Trading and services	100	100	100
Paksi Aman Sdn. Bhd.	Malaysia	Dormant	100	100	100

* All subsidiaries are audited by Afrizan Tarmili Khairul Azhar

9. DEFERRED TAX ASSETS

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets			Liabilities			Net		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Property, plant and equipment	-	-	-	(43,895)	(43,317)	(43,317)	(43,895)	(43,317)	(43,317)
Provisions	4,516,123	5,091,473	5,091,473	-	-	-	4,516,123	5,091,473	5,091,473
Net tax assets	4,516,123	5,091,473	5,091,473	(43,895)	(43,317)	(43,317)	4,472,228	5,048,156	5,048,156

Movement in temporary differences during the year

Group	At 1.1.2011 RM	Recognised in income statement (note 19) RM	At 31.12.2011/ 1.1.2012 RM	Recognised in income statement (note 19) RM	At 31.12.2012 RM
	Property, plant and equipment	(43,317)	-	(43,317)	(578)
Provisions	5,091,473	-	5,091,473	(575,350)	4,516,123
Net tax assets	5,048,156	-	5,048,156	(575,928)	4,472,228

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

10. AVAILABLE FOR SALE FINANCIAL ASSETS

Group	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Current			
Quoted shares in Malaysia	2,133,918	4,788,707	10,237,210
Market value of quoted investment	2,133,918	4,788,707	10,237,210

11. TRADE AND OTHER RECEIVABLES

	Note	31.12.2012 RM	Group 31.12.2011 RM	1.1.2011 RM	31.12.2012 RM	Company 31.12.2011 RM	1.1.2011 RM
Trade							
Trade receivables	a	-	2,255,164	3,117,920	-	-	-
Amount due from contract customers	b	12,023,557	15,416,572	14,629,503	-	-	-
Amount due from related parties	c	130,497,753	131,846,516	129,414,277	-	-	-
		142,521,310	149,518,252	147,161,700	-	-	-
Non-trade							
Amount due from subsidiaries	d	-	-	-	3,118,639	3,324,337	3,587,404
Other receivables		1,214,487	181,114	293,563	210	210	210
Deposits		182,752	182,320	180,320	-	-	-
Prepayments		9,632	12,590	8,582	-	-	-
		1,406,871	376,024	482,465	3,118,849	3,324,547	3,587,614
		143,928,181	149,894,276	147,644,165	3,118,849	3,324,547	3,587,614

Note a

Included in trade receivables of the Group at 31 December 2012 are retention sums of RM Nil (2011: 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 (2011: 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 reports period is disclosed in note 23.4.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Note b

Amount due from contract customers

	Note	31.12.2012 RM	Group 31.12.2011 RM	1.1.2011 RM
Aggregate costs incurred to date		419,802,685	381,314,328	362,829,359
Add: Attributable profits		53,873,228	51,630,077	52,495,085
		473,675,913	432,944,405	415,324,444
Less: Progress billings		(465,161,306)	(419,526,134)	(402,699,324)
		8,514,607	13,418,271	12,625,120
Deferred income	15	3,508,950	1,998,301	2,004,383
		12,023,557	15,416,572	14,629,503

Addition to aggregate costs incurred during the year include:

Depreciation of property, plant and equipment	8,197	8,008
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Note c

The trade amounts due from related parties are progress billings receivable. The amounts are unsecured and subject to the normal trade terms. Included in progress billings receivable at 31 December 2012 are retention sums of RM37,253,812 (2011: RM30,953,529) relating to amount due from contract customers.

Note d

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

12. CASH AND CASH EQUIVALENTS

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Deposit placed with licensed banks	1,252,580	2,331,015	2,265,922	-	-	-
Cash and bank balances	55,152	54,345	973,483	3,939	5,594	2,625
	1,307,732	2,385,360	3,239,405	3,939	5,594	2,625
Less:						
Bank overdraft repayable on demand	(4,085,574)	(4,560,764)	(3,929,195)	-	-	-
Deposit pledged	(1,252,580)	(2,331,015)	(2,265,922)	-	-	-
	(4,030,422)	(4,506,419)	(2,955,712)	3,939	5,594	2,625

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

12. CASH AND CASH EQUIVALENTS (CONTINUED)

Deposits placed with licensed banks pledged for bank facilities

Included in the deposits placed with licensed banks are RM1,227,860 (2011:RM1,188,595) pledged for bank facilities and RM24,720 (2011:RM1,142,420) pledged as collateral for bank facilities granted to third parties and disclosed in note 14.

13. CAPITAL AND RESERVES

Group and Company Share capital	Amount 31.12.2012 RM	Amount 31.12.2011 RM	Amount 1.1.2011 RM
Authorised: 500,000,000 Ordinary shares of RM0.50 each	250,000,000	250,000,000	250,000,000
Issued and fully paid: 136,483,676 Ordinary shares of RM0.50 each	68,241,838	68,241,838	68,241,838
Group Reserves			
Fair value reserves	(1,005,185)	(3,842,009)	1,369,737
Share premium reserves	10,477,946	10,477,946	10,477,946
	9,472,761	6,635,937	11,847,683
Retained earnings	36,474,244	31,707,768	26,646,637
Company Reserves			
Share premium reserves	10,477,946	10,477,946	10,477,946
Accumulated losses	(1,297,993)	(1,057,272)	(767,174)

Fair value reserve

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

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank all of its distributable reserves at 31 December 2012 if paid out as dividends.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

14. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings. For more information about the Group's and the Company's exposure to interest rate, see note 23.

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Non-current			
Finance lease liabilities	53,284	155,911	-
Current			
Banker acceptance	2,618,000	3,138,000	3,076,000
Finance lease liabilities	102,627	97,373	-
Bank overdrafts	4,085,574	4,560,764	3,929,195
	6,806,201	7,796,137	7,005,195
	6,859,485	7,952,048	7,005,195

The first bank overdraft amounting to RM2,497,015 (2011:RM2,440,109) bears interest at 1.75% to 3.50% (2011:1.75% to 3.60%) per annum above the bank's Base Lending Rate and is secured by the followings:

- third party first legal charge of RM2,500,000 over properties owned by a Director;
- corporate guarantee for RM2,900,000 by the Company; and
- registered charge over fixed deposit of RM1,227,860(2011: RM1,188,595).

The second bank overdraft amounting to RM1,492,127 (2011:RM1,494,846) bears interest at 2.50% (2011:2.00%) per annum above the bank's Base Lending Rate and is secured by the followings:

- first legal charge of RM2,000,000 over properties owned by a Director;
- legal charge of RM5,000,000 over properties owned by the Group with a carrying amount of RM510,000 (2011:RM525,000) (see note 7);
- personal guarantee for RM2,000,000 by a Director; and
- corporate guarantee for RM5,000,000 by the Company.

The third bank overdraft amounting to RM96,432 (2011:RM625,809) bears interest at 2.5% (2011:2.00%) per annum above the bank's Base Lending Rate and is secured by the followings:

- first legal charge of RM2,000,000 over properties owned by a Director;
- legal charge of RM5,000,000 over properties owned by the Group with a carrying amount of RM510,000 (2011:RM525,000) (see note 7);
- personal guarantee for RM2,000,000 by a Director; and
- corporate guarantee for RM5,000,000 by the Company.

The first bankers acceptance amounting to RM2,318,000 (2011:RM2,846,000) bears interest at 2.00% (2011:2.00%) per annum above cost of fund from the date of claim until the date of repayment thereof. It is secured and guaranteed by the followings:

- first legal charge of RM2,000,000 over properties owned by a Director;
- legal charge of RM5,000,000 over properties owned by the Group with a carrying amount of RM510,000 (2011:RM525,000) (see note 7);
- personal guarantee for RM2,000,000 by a Director; and
- corporate guarantee for RM5,000,000 by the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

14. LOANS AND BORROWINGS (CONTINUED)

The second bankers acceptance amounting to RM300,000 (2011:RM292,000) bears interest at 1.50% (2011:1.50%) per annum above cost of fund from the date of claim until the date of repayment thereof. It is secured and guaranteed by the followings:

- third party first legal charge of RM2,500,000 over properties owned by a Director;
- corporate guarantee for RM2,900,000 by the Company; and
- registered charge over fixed deposit of RM1,227,860 (2011:RM1,188,595).

Finance lease liabilities

Finance lease liabilities were payable as follows:

	Future minimum lease payments		Interest		Present value minimum lease payments	
	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM
Less than one year	108,226	108,100	5,599	10,727	102,627	97,373
Between one and five years	54,083	162,150	799	6,239	53,284	155,911

Interest rate on finance leases for the 2012 financial year was 2.70% (2011:2.70%) per annum on a flat rate basis.

15. DEFERRED INCOME

	Note	31.12.2012 RM	Group 31.12.2011 RM	1.1.2011 RM
Customer advances for construction work-in-progress	11	3,508,950	1,998,301	2,004,383

16. TRADE AND OTHER PAYABLES

	Note	31.12.2012 RM	Group 31.12.2011 RM	1.1.2011 RM	31.12.2012 RM	Company 31.12.2011 RM	1.1.2011 RM
Trade							
Trade payables	a	41,646,283	60,723,195	65,512,992	-	-	-
Non-trade							
Amount due to a related party	b	-	174,759	131,651	-	-	-
Other payables		436,037	218,248	196,492	180,000	179,926	2
Accrued expenses		97,000	151,882	244,427	21,000	15,000	16,924
		533,037	544,889	572,570	201,000	194,926	16,926
		42,179,320	61,268,084	66,085,492	201,000	194,926	16,926

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

16. TRADE AND OTHER PAYABLES (CONTINUED)

Note a

- i) The normal trade terms granted to the Group range from 30 days to 90 days (2011: 30 days to 90 days).
- ii) Included in the trade payables are:-
- Amount totaling RM2,014,074 (2011:RM2,742,004) owing to a related party;and
 - Amount totaling RM8,139,690 (2011: RM16,246,405) are retention sums.

Note b

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

17. REVENUE

	Group	
	2012 RM	2011 RM
Construction contracts	53,372,350	76,460,839

18. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit for the year is arrived at after charging:				
Auditors' remuneration				
- audit services	86,500	91,000	15,000	15,000
- other service	24,000	24,000	24,000	-
Construction costs	49,178,661	67,880,160	-	-
Depreciation of investment properties	15,000	15,000	-	-
Depreciation of property, plant and equipment	253,838	425,759	-	-
Derecognition of available-for-sale investment	3,071,202	-	-	-
Impairment loss on:				
- allowance for doubtful debts	500,000	500,000	-	-
- trade amount due from related companies	-	1,155,852	-	-
Interest expense on:				
- bank overdraft	355,768	363,458	-	-
- borrowings	163,516	168,265	-	-
- finance lease	10,727	7,333	-	-
Impairment loss on available-for-sale investment in quoted shares	-	1,129,850	-	-
Personnel expenses (including key management personnel)				
- contribution to Employees Provident Fund	290,147	301,555	-	-
- wages, salaries and others	2,714,341	2,858,469	150,000	150,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

18. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
and after crediting:				
Dividend income	(164,343)	(227,012)	-	-
Gain on disposal of investment in quoted shares	(292,529)	(164,042)	-	-
Gain on disposal of property, plant and equipment	-	(119,999)	-	-
Interest income	(96,279)	(66,723)	-	-
Rental income from property leases	(175,000)	(168,000)	-	-
Rental income from equipment leases	(46,250)	(44,400)	-	-
Reversal of impairment loss on receivables	(4,803,221)	-	-	-
Reversal of provision for doubtful debts	(10,000)	(116,600)	-	-
Reversal of trade payables	(5,941,335)	(1,267,484)	-	-

19. INCOME TAX EXPENSE

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Current tax expense					
Malaysian - current		1,529,000	1,265,497	-	-
- prior year		53,011	-	(40,857)	-
Total current tax expense		1,582,011	1,265,497	(40,857)	-
Deferred tax expense					
Origination and reversal of temporary differences		1,000,286	-	-	-
Overprovision in prior years		(424,358)	-	-	-
Total deferred tax expense	9	575,928	-	-	-
Total tax expense		2,157,939	1,265,497	(40,857)	-
Reconciliation of effective tax expense					
Profit/(Loss) excluding tax		6,924,415	2,484,619	(281,578)	(290,098)
Tax at Malaysian tax rate of 25% (2011:25%)		1,731,104	621,155	(70,395)	(72,524)
Non-deductible expenses		871,314	1,367,795	70,395	72,524
Non-taxable income		(73,132)	(723,453)	-	-
		2,529,286	1,265,497	-	-
Under/(Over) provision in prior years:					
- tax expense		53,011	-	(40,857)	-
- deferred tax expense		(424,358)	-	-	-
		2,157,939	1,265,497	(40,857)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

20. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2012 was based on the profit attributable to ordinary shareholders of RM4,766,476 (2011: RM1,219,122) and 136,483,676 (2011: 136,483,676) ordinary shares outstanding during the year.

21. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Directors				
- remuneration	354,000	354,000	150,000	150,000
- other short term employee benefits	24,480	24,480	-	-

22. SEGMENT REPORTING

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

23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

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

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

	Carrying amount RM	L&R RM	OL RM	AFS RM
31.12.2012				
Group				
Financial assets				
Available for sale financial assets	2,113,918	-	-	2,113,918
Trade and other receivables	143,735,797	143,735,797	-	-
	145,849,715	143,735,797	-	2,113,918
Financial liabilities				
Loans and borrowings	6,859,485	-	6,859,485	-
Trade and other payables	42,082,320	-	42,082,320	-
	48,941,805	-	48,941,805	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.1 Categories of financial instruments (continued)

	Carrying amount RM	L&R RM	OL RM	AFS RM
31.12.2012				
Company				
Financial assets				
Trade and other receivables	3,118,849	3,118,849	-	-
Financial liabilities				
Other payables	180,000	-	180,000	-
31.12.2011				
Group				
Financial assets				
Available-for-sale financial assets	4,788,707	-	-	4,788,707
Trade and other receivables	149,699,366	149,699,366	-	-
	154,488,073	149,699,366	-	4,788,707
Financial liabilities				
Loans and borrowings	7,952,048	-	7,952,048	-
Trade and other payables	61,116,202	-	61,116,202	-
	69,068,250	-	69,068,250	-
Company				
Financial assets				
Trade and other receivables	3,324,547	3,324,547	-	-
Financial liabilities				
Other payables	179,926	-	179,926	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.1 Categories of financial instruments (continued)

	Carrying amount RM	L&R RM	OL RM	AFS RM
1.1.2011				
Group				
Financial assets				
Available-for-sale financial assets	10,237,210	-	-	10,237,210
Trade and other receivables	147,455,263	147,455,263	-	-
	157,692,473	147,455,263	-	10,237,210
Financial liabilities				
Loans and borrowings	7,005,195	-	7,005,195	-
Trade and other payables	65,841,065	-	65,841,065	-
	72,846,260	-	72,846,260	-
Company				
Financial assets				
Trade and other receivables	3,587,641	3,587,641	-	-
Financial liabilities				
Other payables	2	-	2	-

23.2 Net gain arising from financial instruments

	2012 RM	2011 RM
Group		
Available-for-sale financial assets		
- recognised in other comprehensive income	(234,378)	(1,369,737)
- reclassified from equity to profit or loss	3,071,202	-
- effect of adopting MFRS 139	(3,842,009)	-
	(1,005,185)	(1,369,737)

23.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

Impairment losses

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

	Gross RM	Collective impairment RM	Net RM
31.12.2012			
Not past due	46,068,349	-	46,068,349
Past due 31-180 days	26,284,557	-	26,284,557
Past due 181-364 days	17,211,537	-	17,211,537
Past due more than 365 days	70,840,862	(17,883,995)	52,956,867
	160,405,305	(17,883,995)	142,521,310
31.12.2011			
Not past due	63,257,023	-	63,257,023
Past due 31-180 days	31,784,539	-	31,784,539
Past due 181-364 days	10,990,182	-	10,990,182
Past due more than 365 days	65,683,724	(22,197,216)	43,486,508
	171,715,468	(22,197,216)	149,518,252
1.1.2011			
Not past due	86,833,030	-	86,833,030
Past due 31-180 days	34,797,003	-	34,797,003
Past due 181-364 days	29,959,505	(4,427,838)	25,531,667
Past due more than 365 days	16,230,126	(16,230,126)	-
	167,819,664	(20,657,964)	147,161,700

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.4 Credit risk (continued)

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

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
At 1 January	22,197,216	20,657,964	15,826,300
Allowance for doubtful debts	500,000	500,000	-
Impairment loss recognised	-	1,155,852	4,831,664
Reversal of doubtful debts	(10,000)	(116,600)	-
Reversal of impairment losses	(4,803,221)	-	-
At 31 December	17,883,995	22,197,216	20,657,964

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 RM6,859,485 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.

23.5 Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.5 Liquidity risk (continued)

Maturity analysis

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

	Carrying amount RM	Contractual interest rate %	Contractual flows RM	Under 1 year RM	1-2 years RM
31.12.2012					
Banker acceptance	2,618,000	8.60	2,843,148	2,843,148	-
Finance lease liabilities	155,911	2.70	160,121	105,398	54,723
Bank overdrafts	4,085,574	9.10	4,457,361	4,457,361	-
Trade and other payables	42,082,320	-	42,082,320	42,082,320	-
	48,941,805		49,542,950	49,488,227	54,723
31.12.2011					
Banker acceptance	3,138,000	8.60	3,407,868	3,407,868	-
Finance lease liabilities	253,284	2.70	260,123	100,003	160,120
Bank overdrafts	4,560,764	8.60	4,952,990	4,952,990	-
Trade and other payables	61,116,202	-	61,116,202	61,116,202	-
	69,068,250		69,737,183	69,577,063	160,120
1.1.2011					
Banker acceptance	3,076,000	8.30	3,331,308	3,331,308	-
Bank overdrafts	3,929,195	8.30	4,225,318	4,225,318	-
Trade and other payables	65,841,065	-	65,841,065	65,841,065	-
	72,846,260		73,397,691	73,397,691	-

23.6 Market risk

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

Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.6 Market risk (continued)

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:

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Fixed rate instruments			
Financial assets	1,252,580	2,331,015	2,265,922
Financial liabilities	(155,911)	(253,284)	-
	1,096,669	2,077,731	2,265,922
Floating rate instruments			
Financial liabilities	6,703,574	7,698,764	6,705,195

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss 100 bp increase RM	100 bp decrease RM
2012		
Floating rate instrument	(50,277)	50,277
2011		
Floating rate instrument	(57,740)	57,740

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.7 Other price risk

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

Risk management objectives, policies and processes for managing the risk

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

Equity price risk sensitivity analysis

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

A 10 percent strengthening in FBMKLCI at the end of the reporting period would have increased equity by RM211,392 and post tax profit or loss by RM476,648. At 10 percent weakening in FBMKLCI would have had equal but opposite effect on equity and profit or loss respectively.

23.8 Fair value of financial instruments

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

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

Investments in equity securities

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

Fair value hierarchy

The fair value measurement hierarchy for financial instrument stated in the statement of financial position are as follows:

- Level 1 : quoted price (unadjusted) in active market for identical assets or liabilities
- Level 2 : Inputs others than quoted price included within Level 1 that are observable for the asset and liability, either directly (that in as prices) or indirectly (that is derived from prices)
- Level 3 : Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs)

Available-for-sale financial assets

Group	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Level 1	2,113,918	4,788,707	10,237,210

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

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 makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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

The debt to equity ratio as at 31 December 2012, 31 December 2011 and 1 January 2011 are as follows:

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Loans and borrowings	14	6,859,485	7,952,048	7,005,195
Less: Cash and bank balances	12	(55,152)	(54,345)	(973,483)
Less: Short term deposits	12	(1,252,580)	(2,331,015)	(2,265,922)
Net debt		5,551,753	5,566,688	3,765,790
Total equity		114,188,843	106,585,543	106,736,158
Capital and net debt		119,740,596	112,152,231	110,501,948
Gearing ratio		5%	5%	3%

25. OPERATING LEASES

Leases as lessor

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

	2012 RM	2011 RM
Less than one year	223,020	221,250
Between 1 to 5 years	37,170	260,190
	260,190	481,440

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

26. 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	
	2012 RM	2011 RM	2012 RM	2011 RM
Contingent liabilities				
Corporate guarantee given to supplier for facilities granted to a subsidiary company	-	-	17,830,000	17,830,000
Corporate guarantee given to financial institutions 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	-	-
	100,000	100,000	25,730,000	25,730,000

27. 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;
- ii) Basco Sdn. Bhd. is deemed related to Dato' Noor Azman @ Noor Hizam bin Mohamed Nurdin; and
- iii) Bina-mas Construction and Landscape Sdn. Bhd. is deemed related to Norazmi bin Mohamed Nurdin.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

27. RELATED PARTIES (CONTINUED)

The significant related party transactions of the Group, other than key management personnel compensation (see note 21), 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) / Impairment loss recognised for the year ended 31 December
2012					
Related parties					
Revenue	53,372,350	147,216,281	16,718,528	130,497,753	(4,803,221)
Rental income	221,250	-	-	-	-
Construction cost	(727,930)	2,014,074	-	2,014,074	-
2011					
Related parties					
Revenue	68,978,333	153,368,268	21,521,752	131,846,516	1,155,852
Rental income	212,400	-	-	-	-
Construction cost	(6,756)	2,742,004	-	2,742,004	-

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

28. EFFECT OF ADOPTION MFRS 139

During the year, the Group made adjustments relating to the effect of adoption of MFRS 139 for recognition of fair value of available for sale investment which was previously recognised in the statement of comprehensive income.

The Group	As at 1 January 2012 -previously stated	Effect of adoption1 MFRS 139	As at 1 January 2011 -as restated
Fair value reserve	-	(3,842,009)	(3,842,009)
Retained earnings	27,865,759	3,842,009	31,707,768

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

29. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2012, into realised and unrealised profits, pursuant to paragraph 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses as issued by the Malaysian Institute of Accountants, is as follows:

	Group 2012 RM	Company 2012 RM
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- realised	39,941,287	(1,097,993)
- unrealised	(3,467,043)	(200,000)
	36,474,244	(1,297,993)

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

ANALYSIS OF SHAREHOLDINGS

AS AT 8 MAY 2013

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	: 2,430

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	1,441	59.30	30,034	0.02
100 – 1,000	878	36.13	150,078	0.11
1,001 – 10,000	47	1.93	183,180	0.14
10,001 – 100,000	33	1.36	1,255,879	0.92
100,001 – less than 5% of issued shares	27	1.11	59,047,504	43.26
5% and above of issued shares	4	0.16	75,817,000	55.55
Total	2,430	100.00	136,483,675	100.00

DIRECTORS' SHAREHOLDINGS

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

Notes:-

(1) Deemed interest by virtue of his spouse, Datin Nor Hayati bt Abd Malik's direct shareholdings in Lebttech Berhad

(2) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 through his shareholdings in Cherry Vista Sdn. Bhd.

SUBSTANTIAL SHAREHOLDERS

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

Notes:-

(1) Deemed interest by virtue of his spouse, Datin Nor Hayati bt Abd Malik's direct shareholdings in Lebttech Berhad

(2) Deemed interest by virtue of his spouse, Fatmawati bt Kasbin's direct shareholdings in Lebttech Berhad

(3) Deemed interest by virtue of her spouse, Dato' Noor Azman @ Noor Hizam bin Mohd Nurdin's direct shareholdings in Lebttech Berhad

ANALYSIS OF SHAREHOLDINGS

AS AT 8 MAY 2013 (CONTINUED)

LIST OF THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. CIMSEC Nominees (Tempatan) Sdn. Bhd. (CIMB for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	39,243,000	28.75
2. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	18,574,000	13.61
3. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Nor Hayati Binti Abd Malik)	9,000,000	6.59
4. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Norazlan Bin Mohamad Nordin)	9,000,000	6.59
5. Shah Rudin Bin Mohammed Miskun	6,500,004	4.76
6. HSBC Nominees (Asing) Sdn. Bhd. (Exempt An for credit SUISSE)	6,053,600	4.44
7. Mohd Nasir Bin Mohd Miskun	5,800,000	4.25
8. Mustafa Bin Mohammed Miskun	5,800,000	4.25
9. Nor Lia Binti Johan	5,300,000	3.88
10. AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	5,000,000	3.66
11. Anuar Bin Abd Malik	4,500,000	3.30
12. Mustapah Bin Mohamed	3,168,600	2.32
13. RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Norazmi Bin Mohamed Nurdin)	3,000,000	2.20
14. Perbadanan Setiausaha Kerajaan Selangor	2,819,800	2.07
15. CIMSEC Nominees (Asing) Sdn. Bhd. (Bank of Singapore Limited for Stardom East Holdings Limited)	1,943,600	1.42
16. AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledge securities account for Norazmi Bin Mohamed Nurdin)	1,800,000	1.32
17. Abu Sujak Bin Mahmud	1,174,600	0.86
18. Perbadanan Kemajuan Negeri Selangor	1,000,000	0.73
19. Mohd Don Bin Mastol @ Mastor	944,900	0.69
20. Mhd Omar Bin Abdul Hamid	858,300	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	390,800	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	134,759,104	98.74

LIST OF PROPERTIES

AS AT 31 DECEMBER 2012

Location	Tenure	Description/ Existing Use	Approximate Age of Buildings (Years)	Land Area/ Built-up Area (Sq. m.)	Net Book Value at 31.12.2012 (RM'000)	Date of Acquisition
No. 2, Jalan Tengku Ampuan Zabedah J9/J Section 9 40000 Shah Alam Selangor Darul Ehsan	Leasehold 99 years Expiring on 20/12/2100	3½ Storey Corner Shop/Office Building	11	254/935	1,640	14/10/2002
No. 4, Jalan Tengku Ampuan Zabedah J9/J Section 9 40000 Shah Alam Selangor Darul Ehsan	Leasehold 99 years Expiring on 20/12/2100	3½ Storey Intermediate Shop/Office Building	11	153/599	1,230	14/10/2002
Lot 9024 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey (end lot) Shop Office	20	156/603	170	09/12/1996
Lot 9026 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	20	156/603	170	09/12/1996
Lot 9028 Jalan Mahang Satu Taman Meru Utama 41050 Klang Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	20	156/603	170	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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of Lebttech Berhad will be held at Gallery 1, Level 3, Concorde Hotel, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 20 June 2013 at 11.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To approve the Directors' fees for the financial year ended 31 December 2012. *(Resolution 2)*
3. To re-elect Encik Norazmi Bin Mohamed Nurdin, who retires by rotation in accordance with Article 84 of the Company's Articles of Association. *(Resolution 3)*
4. To re-elect Encik Hazli Bin Ibrahim, who retires by rotation in accordance with Article 84 of the Company's Articles of Association. *(Resolution 4)*
5. To re-appoint Tan Sri Datuk Adzmi Bin Abdul Wahab, who retires in accordance with Section 129(6) of the Companies Act, 1965. *(Resolution 5)*
6. To re-appoint Messrs Afrizan Tarmili Khairul Azhar as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 6)*
7. As special business, to consider and if thought fit, to pass the following Ordinary Resolution:-

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

"THAT subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.3 of the Circular to Shareholders dated 28 May 2013, subject further to the following:-

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm's length basis and are not to the detriment of the minority shareholders of the Company;
- (ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:-
 - (a) the type of Recurrent Related Party Transactions made; and
 - (b) the names of the related parties involved in each type of Recurrent Related Party Transactions made and their relationship with the Company;
- (iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:-
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which this shareholders' mandate will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
 - (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in a general meeting;whichever is earlier.

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

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

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

By Order of the Board

JELITA BINTI MUHAMAD SALLEH

MAICSA 7060739
Company Secretary

Shah Alam
28 May 2013

Notes:-

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

Explanatory Note on Special Business

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

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Details of individuals who are standing for election as Directors

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

FORM OF PROXY



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

I/We _____ NRIC No./Company No. _____

of _____

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

_____ NRIC No. _____

of _____

or failing whom, _____ NRIC No. _____

of _____

as my/our proxy to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Gallery 1, Level 3, Concorde Hotel, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 20 June 2013 at 11.00 a.m. and at every adjournment thereof for/against the resolution(s) to be proposed thereat.

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

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

As witness my/our hand this _____ day of _____ 2013

No. of shares held	
--------------------	--

Signature/Common Seal

Notes:-

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

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Affix
Stamp
here

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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