

**EXPLANATORY NOTES****1. Basis of Preparation**

The condensed interim financial statements are unaudited and have been prepared in accordance with MFRS 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

**2. Changes in Accounting Policies**

At the date of authorization of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC interpretation will be applied by the Group and Company when they become effective in the respective financial periods:

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 3 <i>Business Combinations</i>	1 January 2013
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11 <i>Joint Arrangements</i>	1 January 2013
MFRS 12 <i>Disclosure of Interest and Other Entities</i>	1 January 2013
MFRS 13 <i>Fair Value Measurement</i>	1 January 2013
MFRS 119 <i>Employee Benefits</i>	1 January 2013
MFRS 127 <i>Separate Financial Statements</i>	1 January 2013
MFRS 128 <i>Investment in Associates and Joint Ventures</i>	1 January 2013
Amendments to MFRS 1 <i>First-time Adoption of MFRS – Government Loans</i>	1 January 2013
Amendments to MFRS 7 <i>Disclosure – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRS 10 <i>Consolidated Financial Statements: Transition Guidance</i>	1 January 2013
Amendments to MFRS 11 <i>Joints Arrangements: Transition Guidance</i>	1 January 2013



**2. Changes in Accounting Policies (*continued*)**

Amendments to MFRS 12 <i>Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 9 <i>Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)</i>	1 January 2015

**3. Seasonality and Cyclically Factors**

The business of the Group was not significantly affected by any seasonal or cyclical factors.

**4. Nature and Amount of Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

There were no unusual material items that affect assets, liabilities, equity, net income or cash flows of the Group for the current quarter.

**5. Changes in Estimates**

There were no changes to the estimates of amount reported in the prior financial year that have a material effect in the current quarter.

**6. Issuances, Cancellations, Repurchases, Resale and Repayment of Debts & Equity Securities**

There were no issuances and repayments of debts and equity securities, shares buy-backs, shares cancellations, shares held as treasury shares and/or resale of treasury shares by the Company for the current quarter under review.

**7. Dividend Paid**

There were no dividends paid during the current quarter and current financial year to-date.

**8. Segmental Reporting**

The segmental report of the Group for the current year to-date and preceding year corresponding period is as follows: -

	<b>12 months ended 31.12.2013 RM'000</b>	<b>12 months ended 31.12.2012 RM'000</b>
<b><u>Segment Revenue</u></b>		
Construction	<b>124,863</b>	53,372
	<b>124,863</b>	53,372
<b><u>Segment Results (Profit Before Taxation)</u></b>		
Construction	<b>13,984</b>	6,703
Rental	<b>223</b>	221
	<b>14,207</b>	6,924

**9. Carrying Amount of Revalued Property, Plant and Equipment**

There were no valuation of property, plant and equipment in the Group, the amount accounted is the net book value based on the cost of acquisition less accumulated depreciation.

**10. Subsequent Material Events**

There was no subsequent material events not reflected in the financial statements from the end of 31 December 2013 until 21 February 2014 being a date not earlier than 7 days from the date of issuance of this quarterly report.

**11. Changes in The Composition of The Group / Capital Structure**

There were no changes in the composition or capital structure of the Group during the current quarter under review.



**12. Changes in Contingent Liabilities and Contingent Assets**

Contingent liabilities of the Group as at 21 February 2014 being a date not earlier than 7 days from the date of issue of this quarterly report comprises of Bank Guarantees and Corporate Guarantees provided by the Group to the various parties in the normal course of business and the changes in contingent liabilities since the last annual balance sheet are as follows: -

	Bank Guarantee (RM'000)	Corporate Guarantee (RM'000)
Balance as at 1 January 2013	100	25,730
Additional during the period	100	-
Expired/Cancelled during the period	-	(11,350)
	-----	-----
Balance as at 21 February 2014	200	14,380 **
	=====	=====

\*\* Included in the Corporate Guarantee, a total sum of RM7.90 million is guaranteed by the Company extended to a Financial Institution as security for banking facilities granted to its wholly owned subsidiary.

There were no contingent assets as at the report date.

**13. Capital Commitments**

There were no capital commitments that have a material effect in the current interim financial period.



**LEBTECH BERHAD**(590945-H)

NOTES TO THE UNAUDITED QUARTERLY REPORT  
FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2013

**14. Significant Related Party Disclosures**

Related parties are those defined under FRS 124 (Related Party Disclosures).

The following are the related party transactions of the Group for the current year quarter and current year to-date under review.

Lebtech Bhd & its subsidiary	Transacting Party	Relationship	Nature of Transaction	Current Year Quarter RM'000	Current Year To-date RM '000	Balance Outstanding (Including Retention) As at 31-12-2013 RM'000
Lebtech Construction Sdn Bhd	Lebar Daun Development Sdn Bhd	Company connected with major shareholders and Directors	Construction Revenue Receivable from	5,894	14,568	34,099
Lebtech Construction Sdn Bhd	Basco Sdn Bhd	Company connected with major shareholders and Directors	Construction Revenue Receivable from	7,809	30,230	133,164
			Construction Cost Payable to	-	-	1,997
Lebtech Construction Sdn Bhd	Lebar Daun Development Sdn Bhd	Company connected with majors shareholders and Directors	Rental Revenue Received from	56	223	-



## **SECURITIES LISTING REQUIREMENTS**

### **15. Group Performance Review**

The Group revenue for the current financial quarter ended 31 December 2013 increased by RM24.07 million to RM41.12 million from RM17.05 million in the preceding corresponding period. The increase in revenue was mainly attributed to new construction contracts undertaken by the Group. The results relate solely to the construction operating segment.

The Group generated a profit before taxation of RM8.55 million, an increase in profit of RM7.63 million as compared to profit of RM0.92 million in the preceding corresponding period. The increase in profit before taxation in the current quarter was mainly due to faster progress at site of several construction contracts undertaken by the Group as well no provision of derecognition of available-for-sale investment.

### **16. Comparison with Preceding Quarter's Results**

The Group revenue increased to RM41.12 million for the current quarter, as compared to revenue of RM26.85 million for the immediate preceding quarter. The increase in revenue was mainly due to faster progress at site of several construction contracts undertaken by the Group. The results relate solely to the construction operating segment.

The current quarter generated a profit before taxation of RM8.55 million, an increase from RM1.97 million profits recorded in the immediate preceding quarter. The increase in profit before taxation in the current quarter was mainly due to the write-off of old project costs during the previous quarter.

### **17. Prospect for the Financial Year 2014**

The Directors expect the Group's operating environment to remain challenging and competitive. Barring unforeseen circumstances, the Board foresees the Group's operational results for the financial year 2014 will be satisfactory.

The revenue generation will come mainly from the construction contracts from the property development projects. The Group anticipates that the property development market i.e., the construction of housing and commercial buildings, will remain challenging. For the construction sector, the greatest challenge for the Group will be the price fluctuations of the construction materials.

**LEBTECH BERHAD**(590945-H)NOTES TO THE UNAUDITED QUARTERLY REPORT  
FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2013**18. Variances on Profit Forecast and Profit Guarantee for Financial Year Ending 31 December 2013**

Not applicable as there was no profit forecast and profit guarantee issued.

**19. Taxation**

The taxation for the current quarter consists of the followings: -

	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To-date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31.12.2013</b>	<b>31.12.2012</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
<b>Corporate tax</b>				
- current year	1,696	390	2,901	1,529
- prior year	(8)	174	(8)	53
<b>Deferred tax</b>				
- current year	429	1,000	429	1,000
- prior year	-	(424)	-	(424)
	<b>2,117</b>	<b>1,140</b>	<b>3,322</b>	<b>2,158</b>

**20. Status of Corporate Proposals**

There was no corporate proposal announced that has not been completed as at 21 February 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).



**LEBTECH BERHAD**(590945-H)

NOTES TO THE UNAUDITED QUARTERLY REPORT  
FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2013

**21. Borrowings and Debt Securities**

The details of the Group borrowings and debts securities as at 31 December 2013 are as follows: -

	Short Term		Long Term	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Hire Purchase	53	-	-	-
Bankers Acceptances	2,173	-	-	-
Bank Overdraft	2,330	-	-	-
	<u>4,556</u>	<u>-</u>	<u>-</u>	<u>-</u>

**22. Notes to the Statement of Comprehensive Income**

Additional disclosures of items not disclosed elsewhere in this announcement, which have been included in the condensed consolidated Statement of Comprehensive Income for the fourth quarter and financial year ended 31 December 2013: -

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM000	Current Year To-date 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM000
(a) Allowance for doubtful debts	Nil	Nil	Nil	(500)
(b) Provision for and write off of inventories	Nil	Nil	Nil	Nil
(c) Gain on disposal of property, plant and equipment	Nil	Nil	Nil	Nil
(d) Impairment gain/(loss) on available-for-sale investment	Nil	Nil	Nil	Nil
(e) Reversal of trade payables	Nil	1,123	176	5,941
(f) Foreign exchange gain or loss	Nil	Nil	Nil	Nil



**LEBTECH BERHAD**(590945-H)NOTES TO THE UNAUDITED QUARTERLY REPORT  
FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2013**22. Notes to the Statement of Comprehensive Income (continued)**

	<b>Current Year Quarter 31.12.2013 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2012 RM'000</b>	<b>Current Year To-date 31.12.2013 RM'000</b>	<b>Preceding Year Corresponding Period 31.12.2012 RM'000</b>
(g) Gain or loss on derivatives	Nil	Nil	Nil	Nil
(h) Exceptional items	Nil	Nil	Nil	Nil
(i) Gain/(Loss) on disposal of available-for-sale investment	136	(33)	1,948	293
(j) Reversal of provision for doubtful debts	Nil	Nil	Nil	10
(k) Reversal of impairment loss on trade receivables	1,806	3,146	1,338	4,803

Items (b), (c), (d), (f), (g), and (h) are not applicable.

**23. Off Balance Sheet Financial Instrument**

The Group does not have any off balance sheet financial instrument as at the date of this report.

**24. Material Litigation**

Neither the Company nor its subsidiary is engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect and adversely affect on the financial position of the Group.

**25. Dividends**

The Board does not recommend any interim dividend in respect of the current quarter under review.

**LEBTECH BERHAD**(590945-H)NOTES TO THE UNAUDITED QUARTERLY REPORT  
FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2013**26. Earnings Per Share****Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares issued during the period.

		<b>Current Year Quarter 31.12.2013</b>	Preceding Year Corresponding Quarter 31.12.2012	<b>Current Year To- date 31.12.2013</b>	Preceding Year Corresponding Period 31.12.2012
<b><u>Basic earnings per share</u></b>					
- Profit/(Loss) for the period (RM'000)		<b>6,438</b>	(219)	<b>10,885</b>	4,766
- Weighted average number of ordinary shares in issue ('000)		<b>136,484</b>	136,484	<b>136,484</b>	136,484
- Basic earnings per share (sen)		<b>4.72</b>	(0.16)	<b>7.98</b>	3.49

**27. Realised and Unrealised Retained Earnings**

The breakdown as at 31 December 2013 is as follows: -

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Retained Earnings/(Loss)		
- Realised	51,402	38,936
- Unrealised	(4,043)	(3,467)
Total Group Retained Earnings	<u>47,359</u>	<u>35,469</u>

By Order of the Board,

.....  
Norazmi Bin Mohamed Nurdin  
Chairman/Managing Director

Date: 28 February 2014