

**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 2014.

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 2014.

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:

		Effective for financial periods beginning in or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue From Contracts With Customers	1 January 2017
Amendments/Improvements to MFRSs		
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Assets held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2014 and 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
MFRS 13	Fair Value Measurement	1 July 2014

**LEBTECH BERHAD**(590945-H)NOTES TO THE UNAUDITED QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30TH SEPTEMBER 2015**2. Changes in Accounting Policies (*continued*)**

		Effective for financial periods beginning in or after
Amendments/Improvements to MFRSs		
MFRS 116	Property, Plant and Equipment	1 July 2014 and 1 January 2016
MFRS 119	Employee Benefits	1 July 2014 and 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Consolidated and Separate Financial Statements	1 January 2014 and 1 January 2016
MFRS 128	Investments in Associate	1 January 2016
MFRS 134	Interim Financial Reporting	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2014
MFRS 136	Impairment of Assets	1 January 2014
MFRS 138	Intangible Assets	1 July 2014 and 1 January 2016
MFRS 139	Financial Instruments: Recognition and Measurements	1 January 2014
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016
New IC Int		
IC Int 21	Levies	1 January 2014

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.

**LEBTECH BERHAD**(590945-H)**NOTES TO THE UNAUDITED QUARTERLY REPORT
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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: -

	9 months ended 30.09.2015 (RM'000)	9 months ended 30.09.2014 (RM'000)
<u>Segment Revenue</u>		
Construction	37,388	53,942
	37,388	53,942
<u>Segment Results (Profit Before Taxation)</u>		
Construction	1,410	4,046
Rental	175	173
	1,585	4,219

**LEBTECH BERHAD**(590945-H)**NOTES TO THE UNAUDITED QUARTERLY REPORT
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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 30 September 2015 until 18 November 2015 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 18 November 2015 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 2015	200	14,380
Additional during the period	-	-
Expired/Cancelled during the period	-	-
Balance as at 18 November 2015	<u>200</u>	<u>14,380</u> **

** 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.



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13. Capital Commitments

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

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 Berhad & its subsidiaries	Transacting party	Relationship	Nature of transaction	Current year quarter RM'000	Current year to-date RM'000	Balance outstanding (including retention) as at 30-09-2015 RM'000
Lebtech Construction Sdn Bhd	Lebar Daun Development Sdn Bhd	Company connected with major shareholders and Directors	Construction revenue receivable from	-	318	26,508
Lebtech Construction Sdn Bhd	Basco Sdn Bhd	Company connected with major shareholders and Directors	Construction revenue receivable from	(4,594)	(2,564)	122,186
			Construction cost payable to	-	-	1,997
Lebtech Construction Sdn Bhd	Lebar Daun Development Sdn Bhd	Company connected with major shareholders and Directors	Rental revenue received from	58	175	-



SECURITIES LISTING REQUIREMENTS

15. Group Performance Review

The Group revenue for the current financial quarter ended 30 September 2015 decreased by RM6.87 million to RM9.05 million from RM15.92 million in the preceding corresponding period. The decreased in revenue was mainly due to slower progress at site of several construction contracts undertaken by the Group. The results relate solely to the construction operating segment.

The Group generated a profit before taxation of RM0.50 million, a decreased in profit of RM0.46 million as compared to profit of RM0.96 million in the preceding corresponding period. The decreased in profit before taxation in the current quarter was mainly due slower progress at site of several construction contracts undertaken by the Group.

16. Comparison with Preceding Quarter's Results

The Group recorded a revenue and profit before taxation of RM9.05 million and RM0.50 million for the current quarter period as compared to RM18.14 million and RM0.93 million respectively for the immediate preceding quarter period.

The increased in revenue was mainly due to slower progress at site of several construction contracts undertaken by the Group. The results relate solely to the construction operating segment.

17. Prospect for the Financial Year 2015

The Group will remain cautious in view of another challenging year with the Board foresees the Group's operational results for the financial year 2015 will be satisfactory.

The revenue generation will mainly come from the construction contracts of property development projects. The Group expects the market would be softer due to lower purchasing powers in relations to the coding off measure, introduced by the Government and the implementation of the Goods and Services Tax (GST) which come into force on 1 April 2015.

18. Variances on Profit Forecast and Profit Guarantee for Financial Year Ending 31 December 2015

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



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19. Taxation

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

	Current year quarter	Preceding year corresponding quarter	Current year-to-date	Preceding year corresponding period
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Corporate tax				
- current year	(23)	207	416	725
- prior year	-	(30)	-	(30)
	(23)	249	416	694

20. Status of Corporate Proposals

There was no corporate proposal announced that has not been completed as at 18 November 2015 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

21. Borrowings and Debt Securities

The details of the Group borrowings and debts securities as at 30 September 2015 are as follows: -

	Short term		Long term	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Bankers' Acceptance	1,372	-	-	-
Bank overdraft	3,939	-	-	-
	5,311	-	-	-

**LEBTECH BERHAD**(590945-H)NOTES TO THE UNAUDITED QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30TH SEPTEMBER 2015**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 third quarter and financial year ended 30 September 2015: -

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM000	Current Year To-date 30.09.2015 RM'000	Preceding Year Corresponding Period 30.09.2014 RM000
(a) Allowance for doubtful debts	Nil	Nil	Nil	Nil
(b) Provision for and write off of inventories	Nil	Nil	Nil	Nil
(c) Gain on disposal of property, plant and equipment	1	Nil	1	Nil
(d) Impairment gain on available-for-sale investment	Nil	Nil	Nil	Nil
(e) Reversal of trade payables	Nil	5	Nil	5
(f) Foreign exchange gain or loss	Nil	Nil	Nil	Nil
(g) Gain or loss on derivatives	Nil	Nil	Nil	Nil
(h) Exceptional items	Nil	Nil	Nil	Nil
(i) Gain on disposal of available-for-sale investment	Nil	Nil	Nil	Nil
(k) Reversal of impairment on trade receivables	366	Nil	366	1,821

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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.

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.

		Current Year Quarter <u>30.09.2015</u>	Preceding Year Corresponding Quarter <u>30.09.2014</u>	Current Year To- Date <u>30.09.2015</u>	Preceding Year Corresponding Period <u>30.09.2014</u>
<u>Basic earnings per share</u>					
- Profit for the period	(RM'000)	527	710	1,169	3,525
- Weighted average number of shares in issue	('000)	136,484	136,484	136,484	136,484
- Basic earnings per share	(sen)	0.39	0.52	0.86	2.58



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27. Realised and Unrealised Retained Earnings

The breakdown as at 30 September 2015 is as follows: -

	As at 30.09.2015 RM'000	As at 30.09.2014 RM'000
Retained earnings		
- Realised	57,374	54,927
- Unrealised	(3,299)	(4,043)
Total group retained earnings	<u>54,075</u>	<u>50,884</u>

By Order of the Board,

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Norazmi Bin Mohamed Nurdin
Managing Director

Date: 25 November 2015