

**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 |

**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
FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2015**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: -

| | 12 months ended 31.12.2015 (RM'000) | 12 months ended 31.12.2014 (RM'000) |
|---|--|--|
| <u>Segment Revenue</u> | | |
| Construction | 40,592 | 78,332 |
| | 40,592 | 78,332 |
| <u>Segment Results ((Loss)/Profit Before Taxation)</u> | | |
| Construction | (3,987) | 7,306 |
| Rental | 234 | 232 |
| | (3,753) | 7,538 |

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FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2015**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 2015 until 18 February 2016 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 February 2016 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 | - | 3,000 |
| Expired/Cancelled during the period | - | (5,180) |
| Balance as at 18 February 2016 | <u>200</u> | <u>12,200</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 31-12-2015 RM'000 |
|-----------------------------------|--------------------------------|---|--------------------------------------|--------------------------------|--------------------------------|--|
| Lebtech Construction Sdn Bhd | Lebar Daun Development Sdn Bhd | Company connected with major shareholders and Directors | Construction revenue receivable from | (8,641) | (8,323) | 17,867 |
| Lebtech Construction Sdn Bhd | Basco Sdn Bhd | Company connected with major shareholders and Directors | Construction revenue receivable from | 5,937 | 3,373 | 128,123 |
| | | | 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 | 234 | - |



SECURITIES LISTING REQUIREMENTS

15. Group Performance Review

The revenue for the current financial quarter ended 31 December 2015 decreased by RM21.19 million to RM3.20 million from RM24.39 million in the preceding corresponding period. The Group recorded a loss before taxation of RM5.34 million as compared to a profit before taxation for the same corresponding period.

The reduced in revenue and profit before taxation 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.

16. Comparison with Preceding Quarter's Results

The Group recorded a revenue of RM3.20 million for the current quarter, as compared to RM9.05 million for the immediate preceding quarter. The Group also recorded a loss before taxation of RM5.34 million as compared to RM0.5million profit before taxation recorded in the immediate preceding quarter.

The reduced in revenue and profit before taxation 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 2016

The Group will remain cautious in view of another challenging year with the Board foresees the Group's operational results for the financial year 2016 will be satisfactory.

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

18. Variances on Profit Forecast and Profit Guarantee for Financial Year Ending 31 December 2016

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 |
|----------------------|---------------------------------|---|---------------------------------|--|
| | 31.12.2015 RM'000 | 31.12.2014 RM'000 | 31.12.2015 RM'000 | 31.12.2014 RM'000 |
| Corporate tax | | | | |
| - current year | (418) | 553 | - | 1,278 |
| - prior year | (2) | - | (4) | (31) |
| Deferred tax | | | | |
| - current year | (811) | 744 | (811) | 744 |
| | (1,231) | 1,297 | (815) | 1,991 |

20. Status of Corporate Proposals

There was no corporate proposal announced that has not been completed as at 18 February 2016 (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 31 December 2015 are as follows: -

| | Short term | | Long term | |
|---------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| | Secured RM'000 | Unsecured RM'000 | Secured RM'000 | Unsecured RM'000 |
| Bankers' Acceptance | 1,051 | - | - | - |
| Bank overdraft | 3,831 | - | - | - |
| | 4,882 | - | - | - |



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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 2015: -

| | Individual Quarter | | Cumulative Period | |
|---|---|--|---|---|
| | Current Year Quarter 31.12.2015 RM'000 | Preceding Year Corresponding Quarter 31.12.2014 RM000 | Current Year To-date 31.12.2015 RM'000 | Preceding Year Corresponding Period 31.12.2014 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 | Nil | Nil | 1 | Nil |
| (d) Impairment gain on available-for-sale investment | Nil | Nil | Nil | Nil |
| (e) Reversal of trade payables | Nil | 1,332 | Nil | 1,337 |
| (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 | 441 | 1,169 | 807 | 2,990 |

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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>31.12.2015</u> | Preceding Year Corresponding Quarter <u>31.12.2014</u> | Current Year To- Date <u>31.12.2015</u> | Preceding Year Corresponding Period <u>31.12.2014</u> |
|---|----------|---|---|--|--|
| <u>Basic earnings per share</u> | | | | | |
| - (Loss)/Profit for the period | (RM'000) | (4,107) | 2,022 | (2,938) | 5,547 |
| - Weighted average number of shares in issue | ('000) | 136,484 | 136,484 | 136,484 | 136,484 |
| - Basic earnings per share | (sen) | (3.01) | 1.48 | (2.15) | 4.06 |



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27. Realised and Unrealised Retained Earnings

The breakdown as at 31 December 2015 is as follows: -

| | As at 31.12.2015 RM'000 | As at 31.12.2014 RM'000 |
|-------------------------------|-------------------------------|-------------------------------|
| Retained earnings | | |
| - Realised | 54,078 | 56,205 |
| - Unrealised | (4,110) | (3,299) |
| Total group retained earnings | <u>49,968</u> | <u>52,906</u> |

By Order of the Board,

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Norazmi Bin Mohamed Nurdin
Managing Director

Date: 25 February 2016