

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 2015.

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 2015.

2. Changes in Accounting Policies

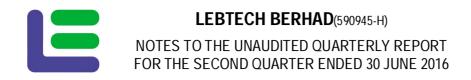
MFRS 13

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	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	1 January 2016				
	Discontinued Operations					
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				

1 July 2014

Fair Value Measurement



2. Changes in Accounting Policies (continued)

		Effective for financial periods beginning in or after
Amendments	/Improvements to MFRSs	G. G. 301
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.



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.

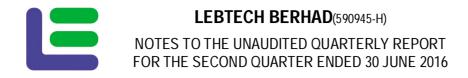
7. Dividend Paid

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: -

	6 months ended 30.06.2016 (RM'000)	6 months ended 30.06.2015 (RM'000)
Segment Revenue		
Construction	4,668	28,336
	4,668	28,336
Segment Results (Profit Before Taxation)		
Construction	(1,175)	964
Rental	117	117
	(1,292)	1,081



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 30 June 2016 until 17 August 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 17 August 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	Corporate
	Guarantee (RM'000)	Guarantee (RM'000)
Balance as at 1 January 2016	200	14,380
Additional during the period	-	-
Expired/Cancelled during the period	(100)	
Balance as at 17 August 2016	100	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.

LEBTECH BERHAD (590945-H) NOTES TO THE UNAUDITED QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

13. Capital Commitments

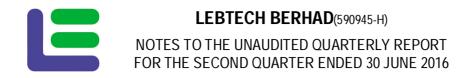
There were no capital commitments that have a material effect in the current interim financial period.

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 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 30-06-2016 RM'000
Lebtech Construction Sdn Bhd	Lebar Daun Development Sdn Bhd	Company connected with major shareholders and Directors	Construction Revenue Receivable from	(725)	2,978	20,845
Lebtech Construction	Basco Sdn	Company connected with major	Construction Revenue Receivable from	1,360	(2,964)	125,159
Sdn Bhd	Bhd	shareholders and Directors	Construction Cost Payable to	1	-	1,997
Lebtech Construction Sdn Bhd	Lebar Daun Development Sdn Bhd	Company connected with majors shareholders and Directors	Rental Revenue Received from	59	117	-



SECURITIES LISTING REQUIREMENTS

15. Group Performance Review

The revenue for the current financial quarter ended 30 June 2016 decreased by RM14.94 million to RM3.19 million from RM18.14 million recorded in the preceding corresponding period. The Group recorded a loss before taxation of RM0.54 million as compared to a profit before taxation of RM0.93 million 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 revenue of RM3.19 million for the current quarter as compared to RM1.47 million in the immediate preceding quarter. The Group recorded a loss before taxation of RM0.54 million as compared to a loss before taxation of RM0.75 million 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 challenging year of 2016 with the Board foresees the Group's operational results will be equally challenging.

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 would 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.



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
	30.06.2016 <u>RM'000</u>	30.06.2015 <u>RM'000</u>	30.06.2016 <u>RM'000</u>	30.06.2015 <u>RM'000</u>
- current year	(117)	373	(281)	439
	(117)	373	(281)	439

20. Status of Corporate Proposals

There was no corporate proposal announced that has not been completed as at 13 May 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 March 2016 are as follows: -

	Short term		Long term		
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000	
Bankers' Acceptance	842	-	-	-	
Bank overdraft	3,980	<u>-</u>			
	4,822	-	-	-	



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 second quarter and financial year ended 30 June 2016: -

	Individual Quarter		Cumulat	ive Period
	Current	Preceding Year	Current	Preceding Year
	Year	Corresponding	Year	Corresponding
	Quarter	Quarter	To-date	Period
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
(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	Nil	Nil
(d) Impairment gain on available- for-sale investment	Nil	Nil	Nil	Nil
(e) Reversal of trade payables	Nil	Nil	Nil	Nil
(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	Nil	Nil	Nil	Nil

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.

26. Earnings Per Share

Basic earnings per share

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

		Current Year Quarter 30.06.2016	Preceding Year Corresponding Quarter 30.06.2015	Current Year To- date 30.06.2016	Preceding Year Corresponding Period 30.06.2015
Basic earnings per share - (Loss)/profit for the period - Weighted average number	(RM'000)	(425)	559	(1,011)	642
of ordinary shares in issue - Basic earnings per share	('000) (sen)	136,484 (0.31)	136,484 0.41	136,484 (0.74)	136,484 0.47

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NOTES TO THE UNAUDITED QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

27. Realised and Unrealised Retained Earnings

The breakdown as at 30 June 2016 is as follows: -

	As at	As at
	30.06.2016	30.06.2015
	RM'000	RM'000
Retained earnings/(loss)		
- Realised	53,068	56,847
- Unrealised	(4,110)	(3,299)
Total group retained earnings	48,958	53,548

By Order of the Board,

Norazmi Bin Mohamed Nurdin Managing Director

Date: 24 August 2016