

EXPLANATORY NOTES

1. Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies.

These financial statements are presented in Ringgit Malaysia.

The conditions or events, along with the other matters as disclosed in Note 9 indicate existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Nevertheless, the financial statements of the Group has been prepared on a going concern basis as the Board of Directors is optimist on the successful recovery of Covid-19 as well as the Group's ability to tender on latest projects on their own instead of being awarded by its related parties.

2. Changes in Accounting Policies

2.0 Changes in Accounting Policy for Investment Properties

During the year, the Company has changed its accounting policy from cost method to fair value method for its Investment Properties.

Investment Properties are measured at fair value method with any changes therein recognised in profit or loss during the year.



2.1 Changes in accounting policies arising from adoption of new MFRS, amendments to MFRS and IC Interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group and the Company adopted the following new and amended MFRS and Interpretations Committee ("IC") Interpretations mandatory for annual financial periods beginning on or after 1 January 2022.

Descriptions	Effective for annual periods beginning on or after
Amendments to MFRS 16: Leases	
- Covid-19 Related rent Concessions beyond 30 June 202	21 1 January 2022
Amendments to MFRS 3: Business Combinations	
 Reference to the Conceptual Framework 	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment	
 Proceeds before Intended Use 	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilitie	s and
Contingent Assets	
 Onerous Contracts - Cost of fulfilling a Contract 	1 January 2022
Annual Improvements of MFRS Standards 2018 - 2020	1 January 2022
MFRS 17: Insurance Contracts and amendments to MFRS	17 1 January 2023
Amendments to MFRS108: Accounting Policies Changes in	
Accounting Estimates and Errors	
- Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Income Taxes	5
- Deferred Tax Related to Assets and Liabilities arising fro	m a
Single Transaction	1 January 2023
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The adoption of the above standards did not have any material impact on the Group's and the Company's financial statements.

2.2 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable when they become effective.



2. Changes in Accounting Policies (continued)

Descriptions E	ffective for annual periods beginning on or after	
Amendments to MFRS 16: Leases		
- Lease Liability in a Sale and Leaseback Amendments to MFRS 101: Presentation of Financial Statemer	1 January 2024 hts	
- Classification of Liabilities as Current or Non-current	1 January 2024	
- Disclosure of Accounting Policies	1 January 2024	

Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate of Joint Venture

Deferred

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the Group's and the Company's financial statement in the year of initial application.

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 the 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	12 months ended
	31.12.2023	31.12.2022 (Restated)
	RM'000	RM'000
Segment Revenue		
Construction	16,314	20,172
	16,314	20,172
Segment Results (Profit/Loss) before taxation)		
Construction	(69)	136
Rental	406	263
	337	399

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

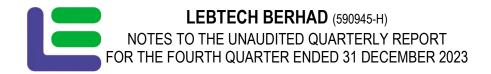
There were no subsequent material events not reflected in the financial statements from the end of 31 December 2023 until 23 February 2024 being a date not earlier than 7 days from the date of issuance of this quarterly report.

11. Material Uncertainty Related To Going Concern

The Board of Lebtech Berhad ("the Company") wishes to announce that the Company external auditors Messrs Al Jafree Salihin Kuzaimi had expressed a statement of "Material Uncertainty Related To Going Concern" in relation to the Company's audited financial statements for the financial year ended 31 December 2022.

Pursuant to Rule 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the description of the statement is as follows:

We draw attention to Note 2.1 to the Group's audited financial statements for the year ended 31 December 2022. The Group conducts it activities during the year mainly with related parties and these have been approved during the Group's Annual General Meeting. This inadvertently increase the exposure to credit risk and going concern risk. For the financial year ended at 31 December 2022, the Group through its subsidiary company derived 100% of its revenue from related parties and at the balance sheet date, 99% of Group's trade receivables are due from related parties. Our opinion is not qualified in respect of this matter.



The Board further informs that the key audit matters as reported by the Independent Auditor's Report for the Financial Year 2022 is as follows:

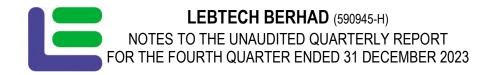
Key audit matters	How our audit addressed the key audit matters
Revenue and cost of sales from construction contract recognised on stage of completion of the contract method	
In accordance with MFRS 15 <i>Revenue from</i> <i>Contracts with Customers</i> , the analysis of whether the contracts comprise one or more performance obligations, allocation of transaction prices to one or more performance obligations and the determination whether the performance obligations are satisfied over time or at a point in time are areas requiring significant management judgement. There is a risk of error in the measurement and timing of revenue recognition due to either inappropriate assessment of the performance obligations and/or inaccurate allocation of transaction price to various performance obligations. We identified the revenue and cost of sales from construction contract recognised on the stage of completion of the contract method or over time as matters requiring audit focus as these are areas involved significant management's judgement. Furthermore, significant judgements are required in estimating the cost to complete the performance obligation satisfied over time using the input method.	 We have obtained an understanding on policies and procedures applied to revenue, as well as compliance therewith, including analysis of the effectiveness of internal controls related to revenue recognition process implemented by the Company. We have obtained an understanding of the process in deriving the stage of completion which includes verifying the certified work done such as obtaining project schedule from management and examining the progress billings from contractors. We have evaluated the assumptions applied in estimating the construction budgeted costs on sampling basis by examining evidences to support the budgeted costs. We have checked the mathematical accuracy of the revenue and profit based on the percentage of completion by reperforming the revenue calculations and considered the implication of identified errors and changes in estimates.



Key audit matters	How our audit addressed the key audit matters
Revenue and cost of sales from construction contract recognised on stage of completion of the contract method cont'd The Group's accounting policies, significant accounting estimates and judgements and disclosures on revenue recognition based on stage of completion of the contracts method are disclosed in Note 2.20, 3.1 (iii) and 17 to the financial statements respectively.	• We have reviewed the adequacy of the disclosures included in the notes to the financial statements.
Recoverability of amount due from related parties As at 31 December 2022, the net carrying values of the amount due from related parties of the Group amounted to RM71,475,619 as discussed in Note 8 to the financial statements. During the current financial year, the allowance for expected credit losses on trade receivables recognised is amounting to RM46,591. As a result, as at 31 December 2022, the accumulated allowance for expected credit losses on trade receivables amounted to RM7,625,905.	• We have obtained an understanding of the Group's internal control over the receivables approval and collection process. We assessed the validity of material long outstanding receivables by obtaining related parties' confirmation. We also consider amounts (settlements) received subsequent to the year end up until the date of financial statements, past payment histories and unusual pattern to identify potential impairment balances to be impaired at the reporting date.



Key audit matters	How our audit addressed the key audit matters
Recoverability of amount due from related parties <i>cont'd</i>	
The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the Group contractual entitlement to a debt, the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The recoverability of receivables from related parties, allowance for expected credit losses are considered to be a significant risk due to the pervasive nature of these balances to the financial statements and affect the working capital management of the business. We focused our testing of the impairment and recoverability of trade receivables on the key assumptions made by the management. Refer to Note 2.10 on Group's accounting policies, Note 3.1 (iv) on significant accounting estimates and judgements and disclosures in Note 8, 25 (c) and 26 to the financial statements.	 Our procedures included, amongst others: a) We challenged the appropriateness and reasonableness of the assumptions applied in the Director's assessment of the impairment of the receivables; b) We considered and concurred with the agreed payment terms; c) We verified receipts from trade receivables subsequent to year-end; and d) We considered the completeness and accuracy of disclosures. We have reviewed the adequacy of the policy disclosed to determine the accounting estimates for the impairment of receivables as disclosed in Note 3.1 (iv). We challenged management's view on credit risk of trade receivables, creditworthiness of related parties and take into consideration the historical patterns for outstanding trade receivables and holding discussions with those charged with governance and management; We tested the accuracy of the ageing against supporting documents on a sample basis.



Key audit matters	How our audit addressed the key audit matters
Recoverability of amount due from related parties <i>cont'd</i>	
	• We discussed with management to understand the underlying assumptions used in the simplified approach impairment model under MFRS 9 when determining the Expected Credit Loss ("ECL") for amount due from related parties.
	• We obtained specific representation from management which has been included in the management's representation letters on the recoverability of amount due from related parties.

In relation to the above, the Board wishes to advise the following:

- The Independent Auditors have expressed their unqualified opinion for the Financial Year 2022;
- The Company and the Group have commenced the process to address the issue of recognition of the Group's contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. This is mainly due to the applicable practice under FRS111 which is applicable to cost plus contracts and is subject to estimation of the completion of the contract.

Pursuant to Rule 9.19(38) of the Listing Requirements, the Board of Directors wishes to further announce the timeline to address a statement of "Material Uncertainty Related to Going Concern" issued by external auditors Messrs AI Jafree Salihin Kuzaimi in respect of the Company's and Group's Financial Statements for the financial year ended 31 December 2022.

• The Company and the Group is continuously seeking avenues for other projects that are outside the related party transactions and is continuously easing the reliability on related party transactions which includes the settlement of transactions between related parties and ensuring that the impact to the Company and the Group is minimal.



- As of 2022, the Company and the Group participated but was unsuccessful in various government tenders/proposal with provisional contracts sum worth approximately RM200 million. The Company and the Group pursuing more projects in 2023, private and government projects such as residential/commercial development on privately owned land of which the decision is yet to be finalised.
- In relation to the amount due from related parties, the Company and the Group wishes to highlight that efforts have been made to progressively recover the amount due.

12. 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.

13. Changes in Contingent Liabilities and Contingent Assets

Contingent liabilities of the Group as at 31 December 2023 being a date not earlier than 7 days from the date of issue of this quarterly report comprises of Bank Guarantees and Corporate Guarantee 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 2023		2,900
Additional during the period	-	-
Expired/Cancelled during the period		<u> </u>
Balance as at 31 December 2023	-	2,900 **

** Included in the Corporate Guarantee, a total sum of RM2.90 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.



14. Capital Commitments

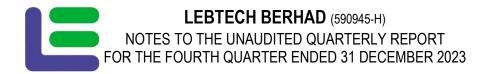
There were no capital commitments that have a material effect in the current interim financial period.

15. 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 31-12-2023 RM'000
Lebtech Construction Sdn Bhd	Lebar Daun Development Sdn Bhd	Company connected with major shareholders and Directors	Construction Revenue Receivable from	1,691	1,691	21,116
Lebtech Construction Sdn Bhd	Basco Sdn Bhd	Company connected with major shareholders and Directors	Construction Revenue Receivable from	-	5,320	34,650
Lebtech Construction Sdn Bhd	Lebar Daun Development Sdn Bhd	Company connected with major shareholders and Directors	Rental Revenue Received from	59	295	1,584



16. Group Performance Review

The revenue for the current financial quarter ended 31 December 2023 increased by 7.1% to RM4.43 million from RM4.13 million recorded in the preceding corresponding period. Cumulatively, the revenue recorded for the period ended 31 December 2023 decreased by 19.1% to RM16.31 million from RM20.17 million recorded in the preceding corresponding period.

For the current financial quarter, the Group recorded a loss before taxation of RM161 thousand as compared to a profit before taxation of RM42 thousand in the preceding corresponding period. Cumulatively, profit before taxation for the period ended 31 December 2023 stood at RM337 thousand as compared to a profit before taxation of RM399 thousand in the preceding corresponding period.

The decrease in revenue was mainly due to construction project as its in final stage and deferment of new project undertaken by company.

17. Comparison with Preceding Quarter's Results

The Group recorded revenue of RM4.43 million for the current financial quarter as compared to RM6.70 million in the immediate preceding quarter. A loss before taxation of RM161 thousand was recorded for the current financial quarter as compared to a profit before taxation of RM372 thousand in the immediate preceding quarter.

18. Prospect for the Financial Year 2024 (Current Year's Prospect)

The Group remain cautious in view of challenging year of 2024 with the Board foresees the Group's operational results to be equally challenging.

The revenue generation mainly comes 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 construction industry to record slower growth in year 2024 amid revision of mega projects and in line with the slowdown in the global economy and construction sector due to post COVID-19 pandemic.

The Group also focusing on construction energy efficient building and CO₂ emission reduction technology as part of its new business strategy.



19. Variances on Profit Forecast and Profit Guarantee for Financial Year Ending 31 December 2023.

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

20. 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
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Corporate tax - current year	(2)	206	257	346
	(2)	206	257	346

21. Status of Corporate Proposals

There was no corporate proposal announced that has not been completed as at the date of this report.

22. Borrowings and Debt Securities

The Group borrowings and debts securities as at 31 December 2023 are nil.



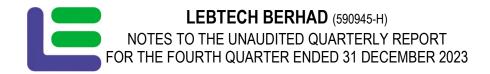
23. Notes to the Statement of Comprehensive Income

Additional disclosures of items not disclosed elsewhere in this announcement, which have been included in the condensed consolidated Statement of Comprehensive Income for the first quarter and financial year ended 31 December 2023: -

	Individual Quarter		Cumulative Period		
	Current Year Quarter 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year To-date 31.12.2023 RM'000	Preceding Year Corresponding Period 31.12.2022 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	

24. Off Balance Sheet Financial Instrument

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



25. 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.

26. Dividends

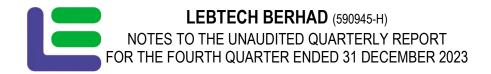
The Board does not recommend any interim dividend in respect of the previous quarter under review.

27. Earnings Per Share

Basic earnings per share

Basic earnings per share are 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 31.12.2023	Preceding Year Corresponding Quarter 31.12.2022	Current Year To- date 31.12.2023	Preceding Year Corresponding Period 31.12.2022
Basic earnings per share - Profit/(Loss) for the period - Weighted average number	(RM'000)	(159)	(164)	80	53
 of ordinary shares in issue Basic earnings per share 	('000) (sen)	136,484 (0.12)	136,484 (0.12)	136,484 0.06	136,484 0.04



28. Realised and Unrealised Retained Earnings

The breakdown as at 31 December 2023 is as follows: -

	As at 31.12.2023	As at 31.12.2022 (Dectated)
Retained earnings/(loss)	RM'000	(Restated) RM'000
- Realised	37,961	37,712
Total group retained earnings	37,961	37,712

By Order of the Board,

Norazmi Bin Mohamed Nurdin Managing Director

Date: 23 February 2024