

**MMIS BERHAD**  
**[Registration No.: 201901006068 (1315395-W)]**  
**(Incorporated in Malaysia)**

**REPORTS AND FINANCIAL STATEMENTS**

**30 JUNE 2023**

**Registered office:**  
**Third Floor, No. 77, 79, & 81**  
**Jalan SS21/60**  
**Damansara Utama**  
**47400 Petaling Jaya**  
**Selangor Darul Ehsan**

**Principal place of business:**  
**PT 14495, Persiaran Batu Gajah Perdana 4**  
**Kawasan Perindustrian Batu Gajah Perdana**  
**31000 Batu Gajah**  
**Perak Darul Ridzuan**

**MMIS BERHAD**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**

**30 JUNE 2023**

**INDEX**  
\*\*\*\*\*

	<b>Page No.</b>
DIRECTORS' REPORT	1 - 5
STATEMENT BY DIRECTORS	6
STATUTORY DECLARATION	7
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	8 - 15
STATEMENTS OF FINANCIAL POSITION	16 - 17
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	18 - 19
STATEMENTS OF CHANGES IN EQUITY	20 - 21
STATEMENTS OF CASH FLOWS	22 - 25
NOTES TO THE FINANCIAL STATEMENTS	26 - 77

**MMIS BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

**Principal activities**

The Company is principally engaged in investment holding. The principal activities of its subsidiary are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

**Financial results**

	<b>Group RM</b>	<b>Company RM</b>
Profit/(Loss) for the financial year	<u>4,862,017</u>	<u>(224,583)</u>
<b>Attributable to:</b>		
Owners of the Company	<u>4,862,017</u>	<u>(224,583)</u>

**Reserves and provisions**

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

**Dividends**

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors do not recommend any final dividend in respect of the current financial year.

### Issue of shares and debentures

There was no issuance of shares or debentures during the financial year.

### Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

### Directors

The Directors in office during the financial year until the date of this report are:

Loh Chin Soon\*  
 Loh Chin Siang\*  
 Law Woo Hock\*  
 Low Oo Seng\* (resigned on 1 August 2023)

\* *Directors of the Company and of its subsidiary*

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the subsidiary and made a part hereof.

### Directors' interests in shares

The interests and deemed interests in the shares of the Company and its related corporations (other than wholly-owned subsidiary) of those who were Directors at the end of the financial year (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.7.2022	Bought	Sold	At 30.6.2023
<b>Interests in the Company</b>				
<b>Direct interest</b>				
Loh Chin Soon	243,000,000	-	-	243,000,000
Loh Chin Siang	121,500,000	-	-	121,500,000
Law Woo Hock	24,000,000	1,000,000	-	25,000,000
Low Oo Seng	121,500,000	-	(1,000,000)	120,500,000

### **Directors' benefits**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' remuneration for the Group as set out in Note 25 to the financial statements are RM1,654,326.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose objective was to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures, of the Company or any other body corporate.

### **Indemnity and insurance costs**

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM5 million and RM7,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

### **Other statutory information**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of the business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
  - (i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

**Other statutory information (Cont'd)**

- (b) At the date of this report, the Directors are not aware of any circumstances: (Cont'd)
  - (iv) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of Directors:
  - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**Subsidiary**

The details of the subsidiary are disclosed in Note 6 to the financial statements.

Registration No.: 201901006068 (1315395-W)

**Auditors**

The Auditors, TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in office.

Auditors' remuneration for the Group and the Company as set out in Note 22 to the financial statements are RM40,000 and RM10,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 02 OCT 2023

  
LOH CHIN SOON

  
LAW WOO HOCK

IPOH

Registration No.: 201901006068 (1315395-W)

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**  
**Pursuant to Section 251(2) of the Companies Act 2016**

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 16 to 77 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated **02 OCT 2023**

  
\_\_\_\_\_  
LOH CHIN SOON

  
\_\_\_\_\_  
LAW WOO HOCK

IPOH



Registration No.: 201901006068 (1315395-W)

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATUTORY DECLARATION**  
**Pursuant to Section 251(1) of the Companies Act 2016**

I, Law Woo Hock (MIA Membership No: 7714), being the Director primarily responsible for the financial management of MMIS Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 16 to 77 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared )  
by the abovenamed at Ipoh in the )  
State of Perak Darul Ridzuan on )

**02 OCT 2023**



\_\_\_\_\_  
LAW WOO HOCK

Before me,



\_\_\_\_\_  
Commissioner for Oaths

No. 6A, Lorong Taman Ipoh 1,  
Taman Ipoh Selatan,  
31400 Ipoh, Perak.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
MMIS BERHAD**

[Registration No.: 201901006068 (1315395-W)]  
(Incorporated in Malaysia)

TGS TW PLT  
202106000004 (LLP0026851-LCA) & AF002345  
Chartered Accountants  
Unit E-16-2B, Level 16, ICON Tower (East)  
No.1, Jalan 1/68F, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: +603 9771 4326  
Fax: +603 9771 4327  
Email: tgsaudit@tgs-tw.com  
www.tgs-tw.com

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of MMIS Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 77.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and of their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**Basis for opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
MMIS BERHAD (CONT'D)**

[Registration No.: 201901006068 (1315395-W)]  
(Incorporated in Malaysia)

**Report on the audit of the financial statements (Cont'd)**

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

*Revenue recognition*

Revenue is dependent on the demand from the main customers for the Group's products which are subject to global economic conditions. We have identified revenue recognition as a key audit matter because the performance of the Group is vulnerable to external factors and is susceptible to external parties expectation and hence, there is a risk that revenue may be misstated.

How we addressed the key audit matters

We assessed the design and implementation of key controls over the recognition of revenue and tested these controls for operating effectiveness.

We checked revenue recognised before and after financial year end on sampling basis to the delivery documents and considered whether the revenue were recognised in the appropriate accounting period.

We compared the revenue recognised to the delivery documents to check the revenue recognised for revenue recognition in the financial year.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
MMIS BERHAD (CONT'D)**

[Registration No.: 201901006068 (1315395-W)]  
(Incorporated in Malaysia)

**Report on the audit of the financial statements (Cont'd)**

**Key audit matters (Cont'd)**

Key Audit Matter

*Valuation of trade receivables*

MFRS 9 introduces an expected credit loss ("ECL") impairment model, which required the use of significant assumptions about future economic conditions and credit risk of the customers.

The Group has assessed the allowance for impairment loss of trade receivables on an individual basis. We identified the valuation of trade receivables as a key audit matter due to significant judgement and the level of uncertainty involved in assessing customer's specific conditions and credit history.

How we addressed the key audit matters

We assessed the design, implementation and operating effectiveness of key internal controls relating to credit control, debt collection and estimate the credit loss allowance.

We assessed whether items were correctly categorised in the trade receivables ageing report by comparing individual items therein with sales invoices and other relevant underlying documentation, on a sample basis.

We checked the key parameters and assumptions of the expected credit loss model adopted by the management, including the basis of segmentation of the accounts receivable based on credit risk characteristic of customers and the historical default data in management's estimated loss allowance.

We checked cash receipts from trade receivables subsequent to the reporting date relating to trade receivables balances as at 30 June 2023, on a sample basis.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
MMIS BERHAD (CONT'D)**

[Registration No.: 201901006068 (1315395-W)]  
(Incorporated in Malaysia)

**Report on the audit of the financial statements (Cont'd)**

**Information other than the financial statements and auditors' report thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the financial statements**

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
MMIS BERHAD (CONT'D)**

[Registration No.: 201901006068 (1315395-W)]  
(Incorporated in Malaysia)

**Report on the audit of the financial statements (Cont'd)**

**Responsibilities of the Directors for the financial statements (Cont'd)**

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
MMIS BERHAD (CONT'D)**

[Registration No.: 201901006068 (1315395-W)]  
(Incorporated in Malaysia)

**Report on the audit of the financial statements (Cont'd)**

**Auditors' responsibilities for the audit of the financial statements (Cont'd)**

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
MMIS BERHAD (CONT'D)**

[Registration No.: 201901006068 (1315395-W)]  
(Incorporated in Malaysia)

**Report on the audit of the financial statements (Cont'd)**

**Auditors' responsibilities for the audit of the financial statements (Cont'd)**

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
MMIS BERHAD (CONT'D)**

[Registration No.: 201901006068 (1315395-W)]  
(Incorporated in Malaysia)

**Other matter**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purposes. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'TGS'.

TGS TW PLT  
202106000004 (LLP0026851-LCA) & AF002345  
Chartered Accountants

A handwritten signature in black ink, appearing to be 'OOI'.

OOI POH LIM  
03087/10/2023 J  
Chartered Accountant

KUALA LUMPUR

2 October 2023

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2023 RM</b>	<b>2022 RM</b>	<b>2023 RM</b>	<b>2022 RM</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	36,700,767	19,988,625	-	-
Investment property	5	1,045,455	1,059,196	-	-
Investment in a subsidiary	6	-	-	14,600,000	14,600,000
		<u>37,746,222</u>	<u>21,047,821</u>	<u>14,600,000</u>	<u>14,600,000</u>
<b>Current assets</b>					
Inventories	7	6,725,960	6,033,250	-	-
Trade receivables	8	7,029,165	8,673,853	-	-
Other receivables	9	324,985	231,183	8,480	-
Amount due from a subsidiary	10	-	-	-	66,459
Tax recoverable		866,124	901,061	84	-
Deposits, bank and cash balances	11	12,190,810	12,237,155	269,749	443,510
		<u>27,137,044</u>	<u>28,076,502</u>	<u>278,313</u>	<u>509,969</u>
<b>Total assets</b>		<u><u>64,883,266</u></u>	<u><u>49,124,323</u></u>	<u><u>14,878,313</u></u>	<u><u>15,109,969</u></u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	12	14,768,002	14,768,002	14,768,002	14,768,002
Merger deficit	13(a)	(8,850,000)	(8,850,000)	-	-
Retained earnings	13(b)	27,697,677	22,835,660	98,491	323,074
<b>Total equity</b>		<u><u>33,615,679</u></u>	<u><u>28,753,662</u></u>	<u><u>14,866,493</u></u>	<u><u>15,091,076</u></u>

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2023 RM</b>	<b>2022 RM</b>	<b>2023 RM</b>	<b>2022 RM</b>
<b>EQUITY AND LIABILITIES (CONT'D)</b>					
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease liabilities	14	631,411	688,549	-	-
Loan and borrowings	15	18,495,338	9,399,707	-	-
Deferred income	16	120,000	150,000	-	-
Deferred tax liabilities	17	1,996,000	1,780,000	-	-
		<u>21,242,749</u>	<u>12,018,256</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Lease liabilities	14	759,583	973,748	-	-
Loan and borrowings	15	5,121,805	3,535,787	-	-
Trade payables	18	1,816,509	2,966,001	-	-
Other payables	19	2,326,941	876,869	11,820	18,893
		<u>10,024,838</u>	<u>8,352,405</u>	<u>11,820</u>	<u>18,893</u>
<b>Total liabilities</b>		<u>31,267,587</u>	<u>20,370,661</u>	<u>11,820</u>	<u>18,893</u>
<b>Total equity and liabilities</b>		<u>64,883,266</u>	<u>49,124,323</u>	<u>14,878,313</u>	<u>15,109,969</u>

The accompanying notes form an integral part of the financial statements.

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2023 RM</b>	<b>2022 RM</b>	<b>2023 RM</b>	<b>2022 RM</b>
Revenue	20	26,650,905	39,425,904	-	600,000
Cost of sales		(15,838,371)	(25,200,457)	-	-
Gross profit		10,812,534	14,225,447	-	600,000
Other income		270,101	249,535	-	-
Administrative expenses		(4,303,170)	(3,521,344)	(223,002)	(537,835)
Selling and distribution expenses		(351,438)	(385,414)	(763)	(731)
Other expenses		(4,622)	(68,930)	-	-
<b>Profit/(Loss) from operation</b>		6,423,405	10,499,294	(223,765)	61,434
Finance costs	21	(1,062,764)	(466,944)	-	-
<b>Profit/(Loss) before tax</b>	22	5,360,641	10,032,350	(223,765)	61,434
Taxation	23	(498,624)	(2,186,483)	(818)	-
<b>Profit/(Loss) for the financial year, representing total comprehensive income/(loss) for the financial year</b>		4,862,017	7,845,867	(224,583)	61,434

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2023 RM</b>	<b>2022 RM</b>	<b>2023 RM</b>	<b>2022 RM</b>
<b>Earnings per share</b>					
Basic earnings per share (sen)	24	<u>0.81</u>	<u>1.31</u>		
Diluted earnings per share (sen)	24	<u>*</u>	<u>*</u>		

\* There is no dilutive earnings per share as the Group does not have any dilutive instruments for the financial year.

The accompanying notes form an integral part of the financial statements.

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	<u>Non-distributable</u>		<u>Distributable</u>	
	<u>Share</u>	<u>Merger</u>	<u>Retained</u>	<u>Total</u>
	<u>capital</u>	<u>deficit</u>	<u>earnings</u>	<u>equity</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
<b>Group</b>				
<b>At 1 July 2021</b>	14,768,002	(8,850,000)	14,989,793	20,907,795
Profit for the financial year, representing total comprehensive income for the financial year	-	-	7,845,867	7,845,867
<b>At 30 June 2022</b>	14,768,002	(8,850,000)	22,835,660	28,753,662
<b>At 1 July 2022</b>	14,768,002	(8,850,000)	22,835,660	28,753,662
Profit for the financial year, representing total comprehensive income for the financial year	-	-	4,862,017	4,862,017
<b>At 30 June 2023</b>	14,768,002	(8,850,000)	27,697,677	33,615,679

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)**

	<b>Share capital RM</b>	<b><u>Distributable</u> Retained earnings RM</b>	<b>Total equity RM</b>
<b>Company</b>			
<b>At 1 July 2021</b>	14,768,002	261,640	15,029,642
Profit for the financial year, representing total comprehensive income for the financial year	-	61,434	61,434
<b>At 30 June 2022</b>	<u>14,768,002</u>	<u>323,074</u>	<u>15,091,076</u>
<b>At 1 July 2022</b>	14,768,002	323,074	15,091,076
Loss for the financial year, representing total comprehensive loss for the financial year	-	(224,583)	(224,583)
<b>At 30 June 2023</b>	<u>14,768,002</u>	<u>98,491</u>	<u>14,866,493</u>

The accompanying notes form an integral part of the financial statements.

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

Note	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	5,360,641	10,032,350	(223,765)	61,434
Adjustments for:				
Amortisation of government grant	(30,000)	(30,000)	-	-
Depreciation of investment property	13,741	13,741	-	-
Depreciation of property, plant and equipment	1,763,198	1,096,962	-	-
Dividend income	-	-	-	(600,000)
Gain on disposal of property, plant and equipment	-	(12,999)	-	-
Interest expenses	1,062,764	466,944	-	-
Interest income	(145,125)	(31,673)	-	-
Property, plant and equipment written off	4,622	1,765	-	-
Operating profit/(loss) before working capital changes	8,029,841	11,537,090	(223,765)	(538,566)
Changes in working capital:				
Contract assets	-	1,386,493	-	-
Inventories	(692,710)	(1,490,065)	-	-
Receivables	1,550,886	(271,547)	(8,480)	-
Payables	300,580	374,262	(7,073)	11,325
	1,158,756	(857)	(15,553)	11,325
Cash generated from/(used in) operations	9,188,597	11,536,233	(239,318)	(527,241)
Interest received	145,125	31,673	-	-
Tax paid	(247,687)	(906,584)	(902)	-
Tax refund	-	496,461	-	-
Net cash from/(used in) operating activities	9,086,035	11,157,783	(240,220)	(527,241)



**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Cash flows from investing activities</b>					
Purchases of property, plant and equipment	A	(4,752,653)	(2,073,876)	-	-
Proceed from disposal of property, plant and equipment		-	13,000	-	-
Net cash used in investing activities		<u>(4,752,653)</u>	<u>(2,060,876)</u>	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>					
Repayment from a subsidiary		-	-	66,459	963,541
Interest paid		(1,062,764)	(466,944)	-	-
Withdrawal/(Placement) of fixed deposits pledged with a licensed bank		105,939	(1,181)	-	-
Drawdown of bankers' acceptances		832,956	3,318,517	-	-
Drawdown from revolving credit		-	2,594,308	-	-
Repayments of lease liabilities	B	(957,256)	(447,137)	-	-
Repayments of bankers' acceptances		(1,325,280)	(3,010,433)	-	-
Repayment of letter of credit		-	(2,073,627)	-	-
Repayments of term loans		(1,302,267)	(574,469)	-	-
Repayments of revolving credit		(620,367)	(305,949)	-	-
Net cash (used in)/from financing activities		<u>(4,329,039)</u>	<u>(966,915)</u>	<u>66,459</u>	<u>963,541</u>
<b>Net cash increase/(decrease) in cash and cash equivalents</b>		4,343	8,129,992	(173,761)	436,300
<b>Cash and cash equivalents at the beginning of the financial year</b>		<u>10,460,302</u>	<u>2,330,310</u>	<u>443,510</u>	<u>7,210</u>
<b>Cash and cash equivalents at the end of the financial year</b>		<u><u>10,464,645</u></u>	<u><u>10,460,302</u></u>	<u><u>269,749</u></u>	<u><u>443,510</u></u>

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)**

		Group		Company	
		2023	2022	2023	2022
Note		RM	RM	RM	RM
<b>Cash and cash equivalents at the end of the financial year comprises:</b>					
Cash and bank balances	11	12,190,810	12,131,216	269,749	443,510
Fixed deposits with a licensed bank	11	-	105,939	-	-
Bank overdraft	15	(1,726,165)	(1,670,914)	-	-
		<u>10,464,645</u>	<u>10,566,241</u>	<u>269,749</u>	<u>443,510</u>
Less: Fixed deposits pledged with a licensed bank		-	(105,939)	-	-
		<u>10,464,645</u>	<u>10,460,302</u>	<u>269,749</u>	<u>443,510</u>

**NOTES TO STATEMENTS OF CASH FLOWS**

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
<b>A. Purchases of property, plant and equipment</b>					
Total purchases	4	18,479,962	5,252,226	-	-
Purchase through lease arrangements		(685,953)	(37,909)	-	-
Purchase through term loan		(13,041,356)	(2,081,402)	-	-
Transferred from other receivables		-	(1,059,039)	-	-
Total cash payment		4,752,653	2,073,876	-	-

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)**

**NOTES TO STATEMENTS OF CASH FLOWS (CONT'D)**

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>B. Cash outflows for leases as a lessee</b>					
<u>Included in net cash from operating activities:</u>					
Payment relating to short-term leases	22	3,500	11,400	-	-
<u>Included in net cash from financing activities:</u>					
Payment of lease liabilities		957,256	447,137	-	-
Payment on interest of lease liabilities		111,393	72,162	-	-
		<u>1,068,649</u>	<u>519,299</u>	<u>-</u>	<u>-</u>
		<u>1,072,149</u>	<u>530,699</u>	<u>-</u>	<u>-</u>

The accompanying notes form an integral part of the financial statements.

**MMIS BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2023**

**1. Corporate information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the LEAP Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at PT 14495, Persiaran Batu Gajah Perdana 4, Kawasan Perindustrian Batu Gajah Perdana, 31000 Batu Gajah, Perak Darul Ridzuan.

The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in investment holding. The principal activities of its subsidiary are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

**2. Basis of preparation**

**(a) Statement of compliance**

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

**Adoption of new and amended standards**

During the financial year, the Group and the Company have adopted the following new and amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

Amendments to MFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework

## 2. Basis of preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### Adoption of new and amended standards (Cont'd)

During the financial year, the Group and the Company have adopted the following new and amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year: (Cont'd)

Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020	Amendments to MFRS 1 Amendments to MFRS 9 Amendments to Illustrative Examples accompanying MFRS 16 Amendments to MFRS 141

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

#### Standards issued but not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023

## 2. Basis of preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and the Company: (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16	Lease Liability in Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

2. **Basis of preparation (Cont'd)**

(a) **Statement of compliance (Cont'd)**

**Standards issued but not yet effective (Cont'd)**

The Group and the Company intend to adopt the above new and amendments to MFRSs when they become effective.

The initial application of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) **Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) **Significant accounting judgements, estimates and assumptions**

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**Judgements**

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

2. **Basis of preparation (Cont'd)**

(c) **Significant accounting judgements, estimates and assumptions (Cont'd)**

**Judgements (Cont'd)**

Satisfaction of performance obligations in relation to contracts with customers

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulation.

The Group recognises revenue over time in the following circumstances:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.



2. **Basis of preparation (Cont'd)**

(c) **Significant accounting judgements, estimates and assumptions (Cont'd)**

**Judgements (Cont'd)**

Determining the lease term of contracts with renewal and termination options - Group as lessee (cont'd)

The Group includes the renewal period as part of the lease term for leases of hostel with non-cancellable period included as part of the lease term as these are reasonably certain to include extension options in new leases to provide operational flexibility. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

**Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period; that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment, right-of-use ("ROU") assets and investment property

The Group regularly reviews the estimated useful lives of property, plant and equipment, ROU assets and investment property based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, ROU assets and investment property would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets and investment property. The carrying amount at the reporting date for property, plant and equipment, ROU assets and investment property are disclosed in Notes 4 and 5 to the financial statements.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 7 to the financial statements.

**2. Basis of preparation (Cont'd)**

**(c) Significant accounting judgements, estimates and assumptions (Cont'd)**

**Key sources of estimation uncertainty (Cont'd)**

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### 3. **Significant accounting policies**

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

#### (a) **Basis of consolidation**

##### (i) **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations under common control are accounted for using the merger method, where the results of entities or businesses under common control are accounted for as if the combination had been effected throughout the current and previous financial periods. The assets, liabilities and reserves of these entities are recorded at their pre-combination carrying amounts or existing carrying amounts are accounted for from the perspective of the common shareholder. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of combination that would otherwise be done under the acquisition method. No new goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as reserve on acquisition arising from common control.

Acquisition-related costs are expensed in profit or loss as incurred.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

**3. Significant accounting policies (Cont'd)**

**(a) Basis of consolidation (Cont'd)**

**(i) Subsidiaries (Cont'd)**

In the Company's separate financial statements, investment in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(1)(i) to the financial statements on impairment of non-financial assets.

**(ii) Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiaries is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**(iii) Disposal of subsidiaries**

If the Group loses control of a subsidiaries, the assets and liabilities of the subsidiaries, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

**(b) Foreign currency transactions and balances**

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**3. Significant accounting policies (Cont'd)**

**(b) Foreign currency transactions and balances (Cont'd)**

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

**(c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(1)(i) to the financial statements.

**(i) Recognition and measurement**

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

### 3. Significant accounting policies (Cont'd)

#### (c) Property, plant and equipment (Cont'd)

##### (i) Recognition and measurement (Cont'd)

Capital work-in-progress consists of leasehold buildings under construction for intended use as production facilities. The amount is stated at cost until the property, plant and equipment is ready for their intended use.

##### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

##### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold land	Over the remaining lease period
Factory building	2%, or over the lease term, if shorter
Plant and machinery	6.67% - 20%
Motor vehicles	10% - 20%
Office equipment	10% - 30%
Furniture and fittings	10%
Electrical installation	10%
Renovation	10%
Hostel	Over the lease term

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

### 3. Significant accounting policies (Cont'd)

#### (d) Leases

##### As lessee

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) to the financial statements on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land	Over the remaining lease period
Factory building	2%, or over the lease term, if shorter
Plant and machinery	6.67% - 20%
Motor vehicles	10% - 20%
Hostel	Over the lease term

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

3. **Significant accounting policies (Cont'd)**

(d) **Leases (Cont'd)**

As lessee (Cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.



**3. Significant accounting policies (Cont'd)**

**(e) Investment properties**

Investment properties, including right-of-use assets held by lessee, are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold land	Over the remaining lease period
----------------	---------------------------------

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(1)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

**(f) Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without financing component) is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group and the Company determine the classification of their financial assets at initial recognition, and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting following the change in the business model.

### 3. Significant accounting policies (Cont'd)

#### (f) Financial assets (Cont'd)

##### (i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

All financial assets, except for those measured at FVTPL and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

#### (g) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3. **Significant accounting policies (Cont'd)**

(g) **Financial liabilities (Cont'd)**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(i) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) **Inventories**

Raw material, semi-finished goods and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material and machine tools comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis. Cost of finished goods and semi-finished goods consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**3. Significant accounting policies (Cont'd)**

**(k) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdraft and pledged deposits.

**(l) Impairment of assets**

**(i) Non-financial assets**

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

**3. Significant accounting policies (Cont'd)**

**(l) Impairment of assets (Cont'd)**

**(ii) Financial assets**

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on their historical credit loss experience and the economic environment.

**(m) Share capital**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

**(n) Provision**

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**3. Significant accounting policies (Cont'd)**

**(n) Provision (Cont'd)**

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is recognised in the profit or loss net of any reimbursement.

**(o) Employee benefits**

**(i) Short-term employee benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

**(ii) Defined contribution plans**

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

**(p) Revenue recognition**

**(i) Revenue from contracts with customers**

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognised revenue from sales of goods - wholesales.

The Group manufacturing and sales of precision parts and fabrication of metal and sheet metal. Revenue from sale of goods is recognised when control of the products has transferred, being the products are delivered to the customer.

**3. Significant accounting policies (Cont'd)**

**(p) Revenue recognition (Cont'd)**

**(i) Revenue from contracts with customers (Cont'd)**

Following delivery of the goods to the wholesaler's specific location, the wholesaler has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

**(a) Revenue from contracts**

The Group recognises revenue from contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from contracts is measured at the transaction price agreed under the contracts.

Revenue is recognised over the period of the contract using the output method to measure the progress towards complete satisfaction of the performance obligations under the contract i.e. based on the level of completion of the physical proportion of contract work to date, certified by customers.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously has recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

**3. Significant accounting policies (Cont'd)**

**(p) Revenue recognition (Cont'd)**

**(i) Revenue from contracts with customers (Cont'd)**

**(b) Sale of goods**

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes. Under the Group's standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those product expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue recognised with a credit term of 30 to 90 days, which is consistent with market practice.

**(ii) Rental income**

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

**(iii) Interest income**

Interest income is recognised on accruals basis using the effective interest method.

**(iv) Dividend income**

Dividend income is recognised when the Group's and the Company's right to receive payment is established.



**3. Significant accounting policies (Cont'd)**

**(q) Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Where the Group receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

**(r) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

**3. Significant accounting policies (Cont'd)**

**(s) Income taxes**

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(t) Segments reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

**3. Significant accounting policies (Cont'd)**

**(u) Contingencies**

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

**(v) Earning per share**

**(i) Basic**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

**(ii) Diluted**

Diluted earnings per share is calculated by dividing the net profit for the financial year attributable to common controlling shareholders by the weighted average number of ordinary shares in issue, adjusted for the dilutive effects of all potential ordinary shares to be issued. Diluted earnings per share is not applicable as the Group does not have potential dilutive equity instruments that would give a diluted effect to the basic earnings per share.

**(w) Related parties**

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and their related party, regardless of whether a price is charged.

**(a) A person or a close member of that person's family is related to the Group if that person:**

- (i)** has control or joint control over the Group;
- (ii)** has significant influence over the Group; or
- (iii)** is a member of the key management personnel of the Group.

**3. Significant accounting policies (Cont'd)**

**(w) Related parties (Cont'd)**

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group.
  - (ii) The entity is an associate or joint venture of the other entity.
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) The entity is a joint venture of a third entity and the other entity is an associate of the same third entity.
  - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
  - (vii) A person identifies in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the Group.
  - (viii) The entity, or any member of a company of which it is a party, provided key management personnel services to the Group.

## 4. Property, plant and equipment

Group	Leasehold land RM	Factory building RM	Plant and machinery RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Electrical installation RM	Renovation RM	Hostel RM	Capital work-in-progress RM	Total RM
<b>Cost</b>											
At 1 July 2021	2,307,008	4,551,547	11,648,748	2,166,679	437,546	89,076	153,926	282,674	-	-	21,637,204
Additions	-	17,175	3,541,390	291,000	116,920	44,890	-	143,903	37,909	1,059,039	5,252,226
Disposals	-	-	-	(71,501)	-	-	-	-	-	-	(71,501)
Written off	-	-	(53,663)	(86,069)	(96,165)	-	-	-	-	-	(235,897)
At 30 June 2022	2,307,008	4,568,722	15,136,475	2,300,109	438,301	133,966	153,926	426,577	37,909	1,059,039	26,582,032
Additions	-	40,420	1,601,956	550,132	221,537	34,908	-	239,614	198,953	15,592,442	18,479,962
Reclassification	9,905,491	-	4,560,221	50,000	-	-	-	-	-	(14,515,712)	-
Written off	-	-	-	-	(4,740)	-	-	-	-	-	(4,740)
At 30 June 2023	12,212,499	4,609,142	21,298,652	2,900,241	675,098	168,874	153,926	666,191	236,862	2,135,769	45,057,254
<b>Accumulated depreciation</b>											
At 1 July 2021	133,879	259,036	4,168,267	917,955	208,575	31,646	64,119	18,600	-	-	5,802,077
Charge for the financial year	27,669	91,117	647,542	207,018	60,322	9,888	14,330	37,496	1,580	-	1,096,962
Disposals	-	-	-	(71,500)	-	-	-	-	-	-	(71,500)
Written off	-	-	(53,660)	(86,067)	(94,405)	-	-	-	-	-	(234,132)
At 30 June 2022	161,548	350,153	4,762,149	967,406	174,492	41,534	78,449	56,096	1,580	-	6,593,407
Charge for the financial year	228,143	91,482	999,620	226,841	88,988	15,400	14,330	52,953	45,441	-	1,763,198
Written off	-	-	-	-	(118)	-	-	-	-	-	(118)
At 30 June 2023	389,691	441,635	5,761,769	1,194,247	263,362	56,934	92,779	109,049	47,021	-	8,356,487
<b>Carrying amount</b>											
At 30 June 2023	11,822,808	4,167,507	15,536,883	1,705,994	411,736	111,940	61,147	557,142	189,841	2,135,769	36,700,767
At 30 June 2022	2,145,460	4,218,569	10,374,326	1,332,703	283,809	92,432	75,477	370,481	36,329	1,059,039	19,988,625

#### 4. Property, plant and equipment (Cont'd)

##### (a) Assets pledged as securities to financial institutions

The net carrying amount of leasehold land, factory building and machineries pledged as securities for bank borrowings amounted to RM11,822,808, RM4,167,507 and RM11,947,065 (2022: RM2,145,460, RM4,218,569 and RM7,352,310) respectively.

Machineries and motor vehicles with carrying amount of RM1,753,347 and RM1,159,466 (2022: RM1,943,101 and RM794,314) of the Group are pledged as security for the related lease liabilities.

##### (b) Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Group	
	2023	2022
	RM	RM
Leasehold land	11,822,808	2,145,460
Factory building	4,167,507	4,218,569
Plant and machinery	1,753,347	1,943,101
Motor vehicles	1,159,466	794,314
Hostel	189,841	36,329
	<u>19,092,969</u>	<u>9,137,773</u>

##### (c) Additions to the right-of-use assets are as follows:

	Group	
	2023	2022
	RM	RM
Motor vehicles	289,007	-
Hostel	198,953	37,909
	<u>487,960</u>	<u>37,909</u>

##### (d) Depreciation charge of right-of-use assets are as follows:

	Group	
	2023	2022
	RM	RM
Leasehold land	228,143	27,669
Factory building	91,482	91,117
Plant and machinery	189,753	189,752
Motor vehicles	168,856	156,481
Hostel	45,441	1,580
	<u>723,675</u>	<u>466,599</u>

## 5. Investment property

	<b>Leasehold land RM</b>
<b>Group</b>	
<b>Cost</b>	
At 1 July 2021/30 June 2022/30 June 2023	<u>1,126,745</u>
<b>Accumulated depreciation</b>	
At 1 July 2021	53,808
Charge for the financial year	<u>13,741</u>
At 30 June 2022	67,549
Charge for the financial year	<u>13,741</u>
At 30 June 2023	<u>81,290</u>
<b>Carrying amount</b>	
At 30 June 2023	<u>1,045,455</u>
At 30 June 2022	<u>1,059,196</u>
<b>Fair value of investment property</b>	
At 30 June 2023	<u>1,489,822</u>
At 30 June 2022	<u>1,285,669</u>

Fair value of investment property was estimated by the Directors based on internal appraisal of market values of comparable properties. The fair values are within Level 3 of the fair value hierarchy.

The remaining period of the lease term of leasehold land is 76 years (2022: 77 years).

(i) Investment property pledged as securities to financial institution

Investment property of the Group amounting to RM1,045,455 (2022: RM1,059,196) has been pledged to secure banking facilities granted to the subsidiary.

(ii) Income and expenses recognised in profit or loss

	<b>Group</b>
	<b>2023 RM</b>
	<b>2022 RM</b>
Rental income	22,500
Direct operating expenses:	
- Income generating investment property	<u>3,665</u>
	<u>9,419</u>

# 6. Investment in a subsidiary

	Company	
	2023	2022
	RM	RM
<b>Unquoted shares, at cost</b>		
In Malaysia	14,600,000	14,600,000

Details of the subsidiary are as follows:

	Place of business / Country of incorporation	Effective interest		Principal activities
		2023 %	2022 %	
<b>Direct holding:</b>				
Multi Mould Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing and sales of precision parts and fabrication of metal and sheet metal

# 7. Inventories

	Group	
	2023	2022
	RM	RM
Raw materials	3,292,890	2,647,723
Semi-finished goods	1,630,656	2,971,400
Finished goods	1,541,355	127,045
Machine tools	238,607	125,521
Goods-in-transit	22,452	161,561
	6,725,960	6,033,250

	Group	
	2023	2022
	RM	RM
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	5,693,986	10,509,394



**8. Trade receivables**

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2022: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The following table provide information about the exposure to credit risk and allowance for ECLs for trade receivables:

	<b>Gross amount RM</b>	<b>ECLs RM</b>	<b>Net amount RM</b>
<b>Group</b>			
<b>2023</b>			
Not past due	5,256,483	-	5,256,483
Past due:			
Less than 30 days	1,771,445	-	1,771,445
31 to 60 days	1,237	-	1,237
	<u>7,029,165</u>	<u>-</u>	<u>7,029,165</u>
	<b>Gross amount RM</b>	<b>ECLs RM</b>	<b>Net amount RM</b>
<b>2022</b>			
Not past due	5,500,039	-	5,500,039
Past due:			
Less than 30 days	2,730,600	-	2,730,600
31 to 60 days	305,464	-	305,464
61 to 90 days	137,750	-	137,750
	<u>8,673,853</u>	<u>-</u>	<u>8,673,853</u>

Trade receivables that are not past due are creditworthy receivables with good payment records with the Group.

As at 30 June 2023, trade receivables of RM1,772,682 (2022: RM3,173,814) were past due. These relate to a number of independent customers from whom there is no recent history of default.

# 9. Other receivables

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-trade receivables	77,869	59,251	-	-
Deposits	25,640	43,294	-	-
Prepayments	221,476	128,638	8,480	-
	<u>324,985</u>	<u>231,183</u>	<u>8,480</u>	<u>-</u>

Included in deposits are amount of RMNil (2022: RM20,000) represent deposit paid for purchase of property, plant and equipment.

# 10. Amount due from a subsidiary

Amount due from a subsidiary is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

# 11. Deposits, bank and cash balances

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	12,190,810	12,131,216	269,749	443,510
Fixed deposits with a licensed bank	-	105,939	-	-
	<u>12,190,810</u>	<u>12,237,155</u>	<u>269,749</u>	<u>443,510</u>

Fixed deposits with a licensed bank of the Group amounting to RMNil (2022: RM105,939) are pledged as security for bank guarantee purposes granted to the subsidiary.

The effective interest rates and maturities of fixed deposits of the Group as at the end of the reporting period ranged from 2.35% to 2.40% (2022: at 1.50%) per annum and 1 month (2022: 1 month) respectively.

## 12. Share capital

	Group and Company			
	Number of ordinary shares		Amount	
	2023 Units	2022 Units	2023 RM	2022 RM
<b>Issued and fully paid:</b>				
At 1 July/30 June	<u>600,000,000</u>	<u>600,000,000</u>	<u>14,768,002</u>	<u>14,768,002</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

## 13. Reserves

### (a) Merger deficit

The merger deficit represents the difference between the nominal value of shares issued by the Company and the nominal value of shares of a subsidiary acquired under the merger method of accounting.

### (b) Retained earnings

The entire retained earnings of the Group and of the Company are available for distribution as single-tier dividends.

## 14. Lease liabilities

	Group	
	2023 RM	2022 RM
Non-current	631,411	688,549
Current	<u>759,583</u>	<u>973,748</u>
	<u>1,390,994</u>	<u>1,662,297</u>

**14. Lease liabilities (Cont'd)**

The maturity analysis of lease liabilities of the Group the end of the reporting period:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Within 1 year	821,725	1,039,578
Between 1 - 5 years	662,927	707,335
	<u>1,484,652</u>	<u>1,746,913</u>
Less: Future finance charges	(93,658)	(84,616)
Present value of lease liabilities	<u>1,390,994</u>	<u>1,662,297</u>

The Group leases a property, motor vehicles and machinery. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The weighted average incremental borrowing rate applied to lease liabilities ranged from 1.75% to 7.60% (2022: 1.75% to 7.60%).

**15. Loan and borrowings**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Secured</b>		
Bankers' acceptance	90,432	582,756
Bank overdraft	1,726,165	1,670,914
Revolving credit	1,667,992	2,288,359
Term loans	20,132,554	8,393,465
	<u>23,617,143</u>	<u>12,935,494</u>
<b>Non-current</b>		
Revolving credit	658,290	1,660,612
Term loans	17,837,048	7,739,095
	<u>18,495,338</u>	<u>9,399,707</u>
<b>Current</b>		
Bankers' acceptance	90,432	582,756
Bank overdraft	1,726,165	1,670,914
Revolving credit	1,009,702	627,747
Term loans	2,295,506	654,370
	<u>5,121,805</u>	<u>3,535,787</u>
	<u>23,617,143</u>	<u>12,935,494</u>

**15. Loan and borrowings (Cont'd)**

The revolving credit, term loans, bankers' acceptance and bank overdraft are secured by the following:

- (a) First party legal charge over the land and buildings, investment property and machinery of the Group as disclosed in Notes 4 and 5 to the financial statements; and
- (b) Corporate guarantee by the Company.

Revolving credit is repayable by quarterly instalments commencing from April 2022.

Term loan I is repayable by 120 monthly instalments commencing from July 2020.

Term loan II is repayable by 240 monthly instalments commencing from July 2020.

Term loan III is repayable by 180 monthly instalments commencing from July 2020.

Term loan IV is repayable by 180 monthly instalments commencing from July 2020.

Term loan V is repayable by 60 monthly instalments commencing from December 2020.

Term loan VI is repayable by 60 monthly instalments commencing from June 2022.

Term loan VII is repayable by 60 monthly instalments commencing from April 2023.

Term loan VIII is repayable by 120 monthly instalments commencing from December 2022.

Term loan IX is repayable by 60 monthly instalments commencing from January 2024.

Bankers' acceptances facilities are repayable within 36 days.

Bank overdraft facilities are repayable on demand.

The average effective rates per annum are as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
Bankers' acceptance	2.16 - 4.47	1.91 - 2.16
Bank overdraft	5.90 - 6.65	5.50 - 5.90
Revolving credit	6.15 - 7.15	5.90 - 6.15
Term loans	<u>4.50 - 7.15</u>	<u>3.25 - 6.15</u>

# 16. Deferred income

	Group	
	2023	2022
	RM	RM
<b>Government grant</b>		
At 1 July	150,000	180,000
Amortised during the financial year	(30,000)	(30,000)
At 30 June	<u>120,000</u>	<u>150,000</u>

The Group received a government grant in year 2018 which was conditional upon the purchase of a specific machinery. The grant was granted up to 50% of the total machinery cost and the Group commenced the usage of the machinery in year 2018. The grant is being amortised over the useful life of the machinery. The amortisation of the grant is recognised as other income in profit or loss.

# 17. Deferred tax liabilities

	Group	
	2023	2022
	RM	RM
At 1 July	1,780,000	972,000
Recognised in profit or loss	293,000	758,000
(Over)/Under provision in prior financial years	(77,000)	50,000
At 30 June	<u>1,996,000</u>	<u>1,780,000</u>

The net deferred tax liabilities/(assets) shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2023	2022
	RM	RM
Deferred tax liabilities	2,289,000	1,780,000
Deferred tax assets	(293,000)	-
	<u>1,996,000</u>	<u>1,780,000</u>

# 17. Deferred tax liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets at the end of the reporting date prior to offsetting are as follows:

	Group	
	2023	2022
	RM	RM
<b>Deferred tax liabilities</b>		
<b>Accelerated capital allowances</b>		
At 1 July	1,780,000	1,070,021
Recognised in profit or loss	586,000	659,979
(Over)/Under provision in prior financial years	(77,000)	50,000
At 30 June	<u>2,289,000</u>	<u>1,780,000</u>
<b>Deferred tax assets</b>		
<b>Unutilised reinvestment allowances</b>		
At 1 July	-	(98,021)
Recognised in profit or loss	(293,000)	98,021
At 30 June	<u>(293,000)</u>	<u>-</u>

# 18. Trade payables

The normal trade credit terms granted to the Group ranged from 30 to 90 days (2022: 30 to 90 days) depending on the term of the contracts.

# 19. Other payables

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-trade payables	1,409,375	279,726	-	-
Accruals	917,566	597,143	11,820	18,893
	<u>2,326,941</u>	<u>876,869</u>	<u>11,820</u>	<u>18,893</u>

Included in non-trade payable is an amount of RM1,297,172 (2022: RM245,000) related to purchase of property, plant and equipment.

## 20. Revenue

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Revenue from contracts with customers:</b>				
Manufacturing of precision engineering parts	23,643,702	35,039,884	-	-
Processing and enhancement of materials provided by customers	3,007,203	4,386,020	-	-
	<u>26,650,905</u>	<u>39,425,904</u>	<u>-</u>	<u>-</u>
<b>Other revenue:</b>				
Dividend income	-	-	-	600,000
	<u>26,650,905</u>	<u>39,425,904</u>	<u>-</u>	<u>600,000</u>
	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Timing of revenue recognition:</b>				
At a point in time	23,643,702	35,039,884	-	-
Over time	3,007,203	4,386,020	-	-
Total revenue from contracts with customers	<u>26,650,905</u>	<u>39,425,904</u>	<u>-</u>	<u>-</u>



## 21. Finance costs

	Group	
	2023 RM	2022 RM
Interest expenses on:		
- Revolving credit	132,054	114,060
- Term loans	803,390	247,162
- Bankers' acceptance	5,320	11,682
- Bank overdraft	7,152	7,293
- Letter of credit	3,455	14,585
- Lease liabilities	111,393	72,162
	<u>1,062,764</u>	<u>466,944</u>

## 22. Profit/(Loss) before tax

Profit/(Loss) before tax is derived after charging/(crediting) amongst other, the following items:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration	40,000	30,000	10,000	5,000
Amortisation of government grant	(30,000)	(30,000)	-	-
Depreciation of property, plant and equipment	1,763,198	1,096,962	-	-
Depreciation of investment property	13,741	13,741	-	-
Gain on disposal of property, plant and equipment	-	(12,999)	-	-
Interest income	(145,125)	(31,673)	-	-
Lease expenses relating to:				
- Short-term lease (a)	3,500	11,400	-	-
Property, plant and equipment written off	4,622	1,765	-	-
Rental income	-	(22,500)	-	-
Realised loss on foreign exchange	-	67,165	-	-

## 22. Profit/(Loss) before tax (Cont'd)

Profit/(Loss) before tax is derived after charging/(crediting) amongst other, the following items: (Cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Wages subsidies (b)	-	(3,200)	-	-

- (a) The Group leases various properties with contract terms of not more than one year. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.
- (b) The subsidiary was entitled to a wage subsidy programme introduced by the government of Malaysia in response to the COVID-19 pandemic during the financial year.

## 23. Taxation

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Tax expenses</b>				
<b>recognised in</b>				
<b>profit or loss</b>				
<b>Current tax</b>				
Current financial				
year provision	275,776	1,324,090	-	-
Under provision in				
prior financial				
years	6,848	54,393	818	-
	<u>282,624</u>	<u>1,378,483</u>	<u>818</u>	<u>-</u>
<b>Deferred tax</b>				
Origination and				
reversal of				
temporary				
differences	293,000	758,000	-	-
(Over)/Under				
provision in				
prior financial				
years	(77,000)	50,000	-	-
	<u>216,000</u>	<u>808,000</u>	<u>-</u>	<u>-</u>
	<u>498,624</u>	<u>2,186,483</u>	<u>818</u>	<u>-</u>

**23. Taxation (Cont'd)**

A reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit/(Loss) before tax	5,360,641	10,032,350	(223,765)	61,434
At Malaysian statutory tax rate of 24% (2022: 24%)	1,286,553	2,407,764	(53,704)	14,744
Expenses not deductible for tax purposes	217,427	244,058	53,704	129,256
Income not subject to tax	(42,030)	(20,202)	-	(144,000)
Utilisation of reinvestment allowance	(600,174)	(549,530)	-	-
Deferred tax asset not utilised in respect of reinvestment allowance	(293,000)	-	-	-
Under provision of current tax in prior financial years	6,848	54,393	818	-
(Over)/Under provision of deferred tax in prior financial years	(77,000)	50,000	-	-
	498,624	2,186,483	818	-

The Group have unutilised reinvestment allowance of RM1,220,245 (2022: RMNil) available for carry forward, to offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

## 24. Earnings per share

### (a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Profit attributable to owners of the Company	<u>4,862,017</u>	<u>7,845,867</u>
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 July	<u>600,000,000</u>	<u>600,000,000</u>
Weighted average number of ordinary shares at 30 June	<u>600,000,000</u>	<u>600,000,000</u>
Basic earnings per ordinary shares (in sen)	<u>0.81</u>	<u>1.31</u>

### (b) Diluted earnings per share

Diluted earnings per ordinary share equals basic earnings per ordinary share because there is no potentially dilutive instruments in existence as at the end of each reporting period.

## 25. Staff costs

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Salaries, wages and other emoluments	8,161,304	6,966,484
Defined contribution plans	710,756	507,186
Social security contributions	92,338	67,536
Other benefits	-	3,584
	<u>8,964,398</u>	<u>7,544,790</u>

**25. Staff costs (Cont'd)**

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Group during the financial year as below:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Executive Directors</b>		
Salaries and other emoluments	1,425,000	1,234,780
Social security contributions	4,076	2,902
Defined contribution plans	155,400	103,056
Other benefits	-	3,584
Estimated money value of benefits-in-kind	69,850	58,750
	<u>1,654,326</u>	<u>1,403,072</u>

**26. Reconciliation of liabilities arising from financing activities**

The table below show the details changes in the liabilities of the Group arising from financing activities:

	<b>At</b>			<b>At</b>
	<b>1.7.2022</b>	<b>Drawdown</b>	<b>Repayment</b>	<b>30.6.2023</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Group</b>				
Lease liabilities	1,662,297	685,953	(957,256)	1,390,994
Revolving credit	2,288,359	-	(620,367)	1,667,992
Term loans	8,393,465	13,041,356	(1,302,267)	20,132,554
Bankers' acceptance	582,756	832,956	(1,325,280)	90,432
	<u>1,662,297</u>	<u>685,953</u>	<u>(957,256)</u>	<u>1,390,994</u>
	<b>At</b>			<b>At</b>
	<b>1.7.2021</b>	<b>Drawdown</b>	<b>Repayment</b>	<b>30.6.2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Lease liabilities	2,071,525	37,909	(447,137)	1,662,297
Revolving credit	-	2,594,308	(305,949)	2,288,359
Term loans	6,886,532	2,081,402	(574,469)	8,393,465
Bankers' acceptance	274,672	3,318,517	(3,010,433)	582,756
Letter of credit	2,073,627	-	(2,073,627)	-
	<u>2,071,525</u>	<u>37,909</u>	<u>(447,137)</u>	<u>1,662,297</u>

**26. Reconciliation of liabilities arising from financing activities (Cont'd)**

- (i) The cash flows from borrowings and lease liabilities make up the net amount of proceeds from or repayments of borrowings and lease liabilities in the statements of cash flows.

**27. Related party disclosures**

- (a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group or the Company have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly.

- (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Company is as follows:

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Transaction with a subsidiary		
- Dividend receivable	-	600,000

- (c) Compensation of key management personnel

The compensation of key management personnel is same as the Directors' remuneration as disclosed in Note 25 to the financial statements.

## 28. Segment information

Segmental information is not presented as the Group is primarily engaged in the manufacturing and sales of precision parts and fabrication of metal and sheet metal in Malaysia.

No disclosure on geographical segment information as the Group operates predominantly in Malaysia.

Revenue from three customers (2022: two customers) amounting to RM24.6 million (2022: RM38.7 million) arising from sales precision parts and fabrication of metal and sheet metal.

## 29. Financial instruments

### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured, and how income and expenses, including fair values gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group	
	2023	2022
	RM	RM
<b>At amortised cost</b>		
<b>Financial assets</b>		
Trade receivables	7,029,165	8,673,853
Other receivables	103,509	102,545
Deposits, bank and cash balances	12,190,810	12,237,155
	<u>19,323,484</u>	<u>21,013,553</u>
<b>At amortised cost</b>		
<b>Financial liabilities</b>		
Loan and borrowings	23,617,143	12,935,494
Trade payables	1,816,509	2,966,001
Other payables	2,326,941	876,869
	<u>27,760,593</u>	<u>16,778,364</u>

**29. Financial instruments (Cont'd)****(a) Classification of financial instruments (Cont'd)**

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>At amortised cost</b>		
<b>Financial assets</b>		
Amount due from a subsidiary	-	66,459
Deposits, bank and cash balances	269,749	443,510
	<u>269,749</u>	<u>509,969</u>
<b>At amortised cost</b>		
<b>Financial liability</b>		
Other payables	11,820	18,893
	<u>11,820</u>	<u>18,893</u>

**(b) Financial risk management objectives and policies**

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing their credit, liquidity and market risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

**(i) Credit risk**

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade receivables, other receivables and deposits, bank and cash balances. The Company's exposure to credit risk arises principally from bank balances. There are no significant changes as compared to previous financial year.



**29. Financial instruments (Cont'd)**

**(b) Financial risk management objectives and policies (Cont'd)**

**(i) Credit risk (Cont'd)**

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans to its subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk.

There are no significant changes as compared to previous financial year.

As at the end of the financial year, the Group had 2 customers (2022: 2 customers) that owed the Group total of RM5,827,400 (2022: RM8,212,825) and accounted for approximately 83% (2022: 95%) of all the receivables outstanding.

**29. Financial instruments (Cont'd)****(b) Financial risk management objectives and policies (Cont'd)****(ii) Liquidity risk**

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Group</b>					
<b>2023</b>					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Loan and borrowings	5,869,181	14,382,533	8,399,304	28,651,018	23,617,143
Lease liabilities	821,725	662,927	-	1,484,652	1,390,994
Trade payables	1,816,509	-	-	1,816,509	1,816,509
Other payables	2,326,941	-	-	2,326,941	2,326,941
	<u>10,834,356</u>	<u>15,045,460</u>	<u>8,399,304</u>	<u>34,279,120</u>	<u>29,151,587</u>
Financial guarantees	23,617,143	-	-	23,617,143	-
<b>2022</b>					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Loan and borrowings	4,049,578	6,185,699	5,062,737	15,298,014	12,935,494
Lease liabilities	1,039,578	707,335	-	1,746,913	1,662,297
Trade payables	2,966,001	-	-	2,966,001	2,966,001
Other payables	876,869	-	-	876,869	876,869
	<u>8,932,026</u>	<u>6,893,034</u>	<u>5,062,737</u>	<u>20,887,797</u>	<u>18,440,661</u>
Financial guarantees	12,935,494	-	-	12,935,494	-

## 29. Financial instruments (Cont'd)

### (b) Financial risk management objectives and policies (Cont'd)

#### (ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
<b>Company</b>			
<b>2023</b>			
<u>Non-derivative financial liabilities</u>			
Other payables	11,820	11,820	11,820
<b>2022</b>			
<u>Non-derivative financial liabilities</u>			
Other payables	18,893	18,893	18,893

#### (iii) Market risks

##### (a) Interest rate risk

The Group's fixed rate deposits placed with licensed banks and borrowing are exposed to a risk of change in its fair value due to changes in interest rates. The Group's variable rate borrowing are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

**29. Financial instruments (Cont'd)****(b) Financial risk management objectives and policies (Cont'd)****(iii) Market risks (Cont'd)****(b) Interest rate risk**

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amount as at the end of the reporting period was:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Fixed rate instruments</b>		
Financial asset	-	105,939
Financial liabilities	(1,287,603)	(2,208,504)
	<u>(1,287,603)</u>	<u>(2,102,565)</u>
<b>Floating rate instruments</b>		
Financial liabilities	<u>(23,526,711)</u>	<u>(12,352,738)</u>

**Interest rate risk sensitivity analysis**Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before tax by RM235,267 (2022: RM123,527) respectively, arising mainly as a result of higher/lower interest expenses on floating rate instruments. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

**29. Financial instruments (Cont'd)**

**(c) Fair value of financial instruments**

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long-term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

**(i) Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during the current and previous financial years.

**(ii) Level 1 fair value**

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

**(iii) Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**(iv) Level 3 fair value**

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

### 30. Capital management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Lease liabilities	1,191,171	1,625,748	-	-
Loan and borrowings	23,617,143	12,935,494	-	-
Less: Deposits, bank and cash balances	(12,190,810)	(12,237,155)	(269,749)	(443,510)
Net debts/(cash)	<u>12,617,504</u>	<u>2,324,087</u>	<u>(269,749)</u>	<u>(443,510)</u>
Total equity	<u>33,615,679</u>	<u>28,753,662</u>	<u>14,866,493</u>	<u>15,091,076</u>
Gearing ratio (times)	<u>0.375</u>	<u>0.081</u>	<u>*</u>	<u>*</u>

\* The gearing ratio is not applicable as the Company has sufficient cash and cash equivalents to settle the liabilities as at the end of the financial year.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

### 31. Capital commitment

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Authorised and contracted for:		
- Property, plant and equipment	<u>-</u>	<u>3,136,500</u>

Registration No. 201901006068 (1315395-W)

**32. Contingent liabilities**

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Secured</b>		
Corporate guarantee extended to financial institution in respect of subsidiary's banking facilities	<u>23,617,143</u>	<u>12,935,494</u>

**33. Date of authorisation for issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 2 October 2023.