

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

**REPORTS AND FINANCIAL STATEMENTS**

**30 JUNE 2024**

**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 2024**

**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<br>COMPREHENSIVE INCOME | 18              |
| STATEMENTS OF CHANGES IN EQUITY                                | 19 - 20         |
| STATEMENTS OF CASH FLOWS                                       | 21 - 23         |
| NOTES TO THE FINANCIAL STATEMENTS                              | 24 - 63         |

**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 2024.

**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<br/>RM</b> | <b>Company<br/>RM</b> |
|--------------------------------------|---------------------|-----------------------|
| Profit/(Loss) for the financial year | <u>455,740</u>      | <u>(101,691)</u>      |
| <b>Attributable to:</b>              |                     |                       |
| Owners of the Company                | <u>455,740</u>      | <u>(101,691)</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 does not recommend any final dividend in respect of the current financial year.

Registration No.: 201901006068 (1315395-W)

### **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 in the shares of the Company and of its related corporations (other than wholly-owned subsidiary) of those who were Directors at the end of the financial year according to the Register of Directors' Shareholdings are as follows:

|                                 | Number of ordinary shares |        |      | At<br>30.6.2024 |
|---------------------------------|---------------------------|--------|------|-----------------|
|                                 | At<br>1.7.2023            | Bought | Sold |                 |
| <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                    | 25,000,000                | -      | -    | 25,000,000      |

### **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 RM1,579,092.

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 the 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 which would 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 2 October 2024.

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

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

IPOH

**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 63 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 2024 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 2 October 2024.

  
\_\_\_\_\_  
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 63 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 )  
2 October 2024. )



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

Before me,



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

NO. 20A, JALAN HORLEY  
30300 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 2024 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 material accounting policy information, as set out on pages 16 to 63.

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

How we addressed the key audit matters

*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.

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 2024, 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 'O. Lim'.

OOI POH LIM  
03087/10/2025 J  
Chartered Accountant

KUALA LUMPUR  
2 October 2024

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024**

|                                         |       | Group             |                   | Company           |                   |
|-----------------------------------------|-------|-------------------|-------------------|-------------------|-------------------|
|                                         | Note  | 2024<br>RM        | 2023<br>RM        | 2024<br>RM        | 2023<br>RM        |
| <b>ASSETS</b>                           |       |                   |                   |                   |                   |
| <b>Non-current assets</b>               |       |                   |                   |                   |                   |
| Property, plant and equipment           | 4     | 43,104,500        | 36,700,767        | -                 | -                 |
| Investment property                     | 5     | -                 | 1,045,455         | -                 | -                 |
| Investment in a subsidiary              | 6     | -                 | -                 | 14,600,000        | 14,600,000        |
|                                         |       | <u>43,104,500</u> | <u>37,746,222</u> | <u>14,600,000</u> | <u>14,600,000</u> |
| <b>Current assets</b>                   |       |                   |                   |                   |                   |
| Inventories                             | 7     | 5,206,713         | 6,725,960         | -                 | -                 |
| Trade receivables                       | 8     | 3,691,694         | 7,029,165         | -                 | -                 |
| Other receivables                       | 9     | 260,911           | 324,985           | 4,357             | 8,480             |
| Tax recoverable                         |       | 1,073,656         | 866,124           | 96                | 84                |
| Fixed deposits with licensed banks      | 10    | 8,331,000         | -                 | 180,000           | -                 |
| Cash and bank balances                  | 11    | 3,862,095         | 12,190,810        | 3,066             | 269,749           |
|                                         |       | <u>22,426,069</u> | <u>27,137,044</u> | <u>187,519</u>    | <u>278,313</u>    |
| <b>Total assets</b>                     |       | <u>65,530,569</u> | <u>64,883,266</u> | <u>14,787,519</u> | <u>14,878,313</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/ (Accumulated losses) | 13(b) | 28,153,417        | 27,697,677        | (3,200)           | 98,491            |
| <b>Total equity</b>                     |       | <u>34,071,419</u> | <u>33,615,679</u> | <u>14,764,802</u> | <u>14,866,493</u> |

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024 (CONT'D)**

|                                     |             | <b>Group</b>       |                    | <b>Company</b>     |                    |
|-------------------------------------|-------------|--------------------|--------------------|--------------------|--------------------|
|                                     | <b>Note</b> | <b>2023<br/>RM</b> | <b>2022<br/>RM</b> | <b>2023<br/>RM</b> | <b>2022<br/>RM</b> |
| <b>EQUITY AND</b>                   |             |                    |                    |                    |                    |
| <b>LIABILITIES</b>                  |             |                    |                    |                    |                    |
| <b>(CONT'D)</b>                     |             |                    |                    |                    |                    |
| <b>LIABILITIES</b>                  |             |                    |                    |                    |                    |
| <b>Non-current liabilities</b>      |             |                    |                    |                    |                    |
| Lease liabilities                   | 14          | 343,008            | 631,411            | -                  | -                  |
| Loan and borrowings                 | 15          | 21,379,942         | 18,495,338         | -                  | -                  |
| Deferred income                     | 16          | 90,000             | 120,000            | -                  | -                  |
| Deferred tax liabilities            | 17          | 2,012,000          | 1,996,000          | -                  | -                  |
|                                     |             | <u>23,824,950</u>  | <u>21,242,749</u>  | <u>-</u>           | <u>-</u>           |
| <b>Current liabilities</b>          |             |                    |                    |                    |                    |
| Lease liabilities                   | 14          | 351,343            | 759,583            | -                  | -                  |
| Loan and borrowings                 | 15          | 4,141,856          | 5,121,805          | -                  | -                  |
| Trade payables                      | 18          | 787,514            | 1,816,509          | -                  | -                  |
| Other payables                      | 19          | 2,353,487          | 2,326,941          | 22,717             | 11,820             |
|                                     |             | <u>7,634,200</u>   | <u>10,024,838</u>  | <u>22,717</u>      | <u>11,820</u>      |
| <b>Total liabilities</b>            |             | <u>31,459,150</u>  | <u>31,267,587</u>  | <u>22,717</u>      | <u>11,820</u>      |
| <b>Total equity and liabilities</b> |             | <u>65,530,569</u>  | <u>64,883,266</u>  | <u>14,787,519</u>  | <u>14,878,313</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 2024**

|                                                                                                                    |             | <b>Group</b>        |                     | <b>Company</b>     |                    |
|--------------------------------------------------------------------------------------------------------------------|-------------|---------------------|---------------------|--------------------|--------------------|
|                                                                                                                    | <b>Note</b> | <b>2024<br/>RM</b>  | <b>2023<br/>RM</b>  | <b>2024<br/>RM</b> | <b>2023<br/>RM</b> |
| Revenue                                                                                                            | 20          | 25,212,268          | 26,650,905          | -                  | -                  |
| Cost of sales                                                                                                      |             | <u>(18,229,841)</u> | <u>(15,838,371)</u> | <u>-</u>           | <u>-</u>           |
| Gross profit                                                                                                       |             | 6,982,427           | 10,812,534          | -                  | -                  |
| Other income                                                                                                       |             | 985,360             | 270,101             | 3,419              | -                  |
| Administrative expenses                                                                                            |             | (5,646,621)         | (4,303,170)         | (103,650)          | (223,002)          |
| Selling and distribution expenses                                                                                  |             | (458,194)           | (351,438)           | (1,237)            | (763)              |
| Other expenses                                                                                                     |             | <u>(57,434)</u>     | <u>(4,622)</u>      | <u>-</u>           | <u>-</u>           |
| <b>Profit/(Loss) from operation</b>                                                                                |             | 1,805,538           | 6,423,405           | (101,468)          | (223,765)          |
| Finance costs                                                                                                      | 21          | <u>(1,266,174)</u>  | <u>(1,062,764)</u>  | <u>-</u>           | <u>-</u>           |
| <b>Profit/(Loss) before tax</b>                                                                                    | 22          | 539,364             | 5,360,641           | (101,468)          | (223,765)          |
| Taxation                                                                                                           | 23          | <u>(83,624)</u>     | <u>(498,624)</u>    | <u>(223)</u>       | <u>(818)</u>       |
| <b>Profit/(Loss) for the financial year, representing total comprehensive income/(loss) for the financial year</b> |             | <u>455,740</u>      | <u>4,862,017</u>    | <u>(101,691)</u>   | <u>(224,583)</u>   |
| <b>Earnings per share</b>                                                                                          |             |                     |                     |                    |                    |
| Basic and diluted earnings per share (sen)                                                                         | 24          | <u>0.08</u>         | <u>0.81</u>         |                    |                    |

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 2024**

|                                                                                                        | <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 2022</b>                                                                                  | 14,768,002               | (8,850,000)    | 22,835,660           | 28,753,662    |
| Profit for the financial year,<br>representing total<br>comprehensive income<br>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    |
| <b>At 1 July 2023</b>                                                                                  | 14,768,002               | (8,850,000)    | 27,697,677           | 33,615,679    |
| Profit for the financial year,<br>representing total<br>comprehensive income<br>for the financial year | -                        | -              | 455,740              | 455,740       |
| <b>At 30 June 2024</b>                                                                                 | 14,768,002               | (8,850,000)    | 28,153,417           | 34,071,419    |

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

|                                                                                           | <b>Share<br/>capital<br/>RM</b> | <b><u>Distributable</u><br/>Retained earnings/<br/>Accumulated<br/>losses<br/>RM</b> | <b>Total<br/>equity<br/>RM</b> |
|-------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------------------------------------------------|--------------------------------|
| <b>Company</b>                                                                            |                                 |                                                                                      |                                |
| <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>                                                                    | 14,768,002                      | 98,491                                                                               | 14,866,493                     |
| <b>At 1 July 2023</b>                                                                     | 14,768,002                      | 98,491                                                                               | 14,866,493                     |
| Loss for the financial year, representing total comprehensive loss for the financial year | -                               | (101,691)                                                                            | (101,691)                      |
| <b>At 30 June 2024</b>                                                                    | 14,768,002                      | (3,200)                                                                              | 14,764,802                     |

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 2024**

|                                                        | Note | Group       |            | Company    |            |
|--------------------------------------------------------|------|-------------|------------|------------|------------|
|                                                        |      | 2024<br>RM  | 2023<br>RM | 2024<br>RM | 2023<br>RM |
| <b>Cash flows from operating activities</b>            |      |             |            |            |            |
| Profit/(Loss) before tax                               |      | 539,364     | 5,360,641  | (101,468)  | (223,765)  |
| Adjustments for:                                       |      |             |            |            |            |
| Amortisation of government grant                       |      | (30,000)    | (30,000)   | -          | -          |
| Depreciation of investment property                    |      | 10,306      | 13,741     | -          | -          |
| Depreciation of property, plant and equipment          |      | 2,317,169   | 1,763,198  | -          | -          |
| Gain on disposal of investment property                |      | (581,788)   | -          | -          | -          |
| Interest expenses                                      |      | 1,266,174   | 1,062,764  | -          | -          |
| Interest income                                        |      | (270,815)   | (145,125)  | (3,419)    | -          |
| Inventory written off                                  |      | 13,812      | -          | -          | -          |
| Property, plant and equipment written off              |      | 42,290      | 4,622      | -          | -          |
| Gain on termination of lease contract                  |      | (2,044)     | -          | -          | -          |
| Gain on modification of lease contract                 |      | (951)       | -          | -          | -          |
| Unrealised loss on foreign exchange                    |      | 1,332       | -          | -          | -          |
| Operating profit/(loss) before working capital changes |      | 3,304,849   | 8,029,841  | (104,887)  | (223,765)  |
| Changes in working capital:                            |      |             |            |            |            |
| Inventories                                            |      | 1,505,435   | (692,710)  | -          | -          |
| Receivables                                            |      | 3,400,349   | 1,550,886  | 4,123      | (8,480)    |
| Payables                                               |      | (1,002,449) | 300,580    | 10,897     | (7,073)    |
|                                                        |      | 3,903,335   | 1,158,756  | 15,020     | (15,553)   |
| Cash generated from/(used in) operations               |      | 7,208,184   | 9,188,597  | (89,867)   | (239,318)  |
| Interest received                                      |      | 268,291     | 145,125    | 3,419      | -          |
| Tax paid                                               |      | (333,565)   | (247,687)  | (235)      | (902)      |
| Tax refund                                             |      | 58,409      | -          | -          | -          |
| Net cash from/(used in) operating activities           |      | 7,201,319   | 9,086,035  | (86,683)   | (240,220)  |

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

|                                                                         |             | <b>Group</b>       |                    | <b>Company</b> |                |
|-------------------------------------------------------------------------|-------------|--------------------|--------------------|----------------|----------------|
|                                                                         | <b>Note</b> | <b>2024</b>        | <b>2023</b>        | <b>2024</b>    | <b>2023</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           | (2,437,328)        | (4,752,653)        | -              | -              |
| Proceed from disposal of investment property                            |             | 1,616,937          | -                  | -              | -              |
| Net cash used in investing activities                                   |             | <u>(820,391)</u>   | <u>(4,752,653)</u> | <u>-</u>       | <u>-</u>       |
| <b>Cash flows from financing activities</b>                             |             |                    |                    |                |                |
| Repayments from a subsidiary                                            |             | -                  | -                  | -              | 66,459         |
| Interest paid                                                           |             | (1,266,174)        | (1,062,764)        | -              | -              |
| Interest received                                                       |             | 2,524              | -                  | -              | -              |
| (Placement)/Withdrawal of fixed deposits pledged with a licensed bank   |             | (151,000)          | 105,939            | -              | -              |
| Drawdown of bankers' acceptances                                        |             | 1,465,411          | 832,956            | -              | -              |
| Repayments of lease liabilities                                         | B           | (768,210)          | (957,256)          | -              | -              |
| Repayments of bankers' acceptances                                      |             | (1,555,843)        | (1,325,280)        | -              | -              |
| Repayments of term loans                                                |             | (2,769,290)        | (1,302,267)        | -              | -              |
| Repayments of revolving credit                                          |             | <u>(598,317)</u>   | <u>(620,367)</u>   | <u>-</u>       | <u>-</u>       |
| Net cash (used in)/from financing activities                            |             | <u>(5,640,899)</u> | <u>(4,329,039)</u> | <u>-</u>       | <u>66,459</u>  |
| <b>Net cash increase/(decrease) in cash and cash equivalents</b>        |             | 740,029            | 4,343              | (86,683)       | (173,761)      |
| <b>Effects of exchange translation difference</b>                       |             | (136)              | -                  | -              | -              |
| <b>Cash and cash equivalents at the beginning of the financial year</b> |             | <u>10,464,645</u>  | <u>10,460,302</u>  | <u>269,749</u> | <u>443,510</u> |
| <b>Cash and cash equivalents at the end of the financial year</b>       |             | <u>11,204,538</u>  | <u>10,464,645</u>  | <u>183,066</u> | <u>269,749</u> |

**MMIS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)**

|                                                                              |      | Group             |                   | Company        |                |
|------------------------------------------------------------------------------|------|-------------------|-------------------|----------------|----------------|
|                                                                              |      | 2024              | 2023              | 2024           | 2023           |
|                                                                              | Note | RM                | RM                | RM             | RM             |
| <b>Cash and cash equivalents at the end of the financial year comprises:</b> |      |                   |                   |                |                |
| Cash and bank balances                                                       | 11   | 3,862,095         | 12,190,810        | 3,066          | 269,749        |
| Fixed deposits with a licensed bank                                          | 10   | 8,331,000         | -                 | 180,000        | -              |
| Bank overdraft                                                               | 15   | (837,557)         | (1,726,165)       | -              | -              |
|                                                                              |      | <u>11,355,538</u> | <u>10,464,645</u> | <u>183,066</u> | <u>269,749</u> |
| Less: Fixed deposits pledged with a licensed bank                            |      | (151,000)         | -                 | -              | -              |
|                                                                              |      | <u>11,204,538</u> | <u>10,464,645</u> | <u>183,066</u> | <u>269,749</u> |

**NOTES TO STATEMENTS OF CASH FLOWS**

|                                                                   |      | Group            |                  | Company    |            |
|-------------------------------------------------------------------|------|------------------|------------------|------------|------------|
|                                                                   | Note | 2024<br>RM       | 2023<br>RM       | 2024<br>RM | 2023<br>RM |
| <b>A. Purchases of property, plant and equipment</b>              |      |                  |                  |            |            |
| Total additions                                                   | 4    | 8,804,767        | 18,479,962       | -          | -          |
| Purchase through lease arrangements                               |      | (116,137)        | (685,953)        | -          | -          |
| Purchase through term loan                                        |      | (6,251,302)      | (13,041,356)     | -          | -          |
| Total cash payment                                                |      | <u>2,437,328</u> | <u>4,752,653</u> | <u>-</u>   | <u>-</u>   |
| <b>B. Cash outflows for leases as a lessee</b>                    |      |                  |                  |            |            |
| <u>Included in net cash from/ (used in) operating activities:</u> |      |                  |                  |            |            |
| Payment relating to short-term leases                             | 22   | <u>6,720</u>     | <u>3,500</u>     | <u>-</u>   | <u>-</u>   |
| <u>Included in net cash (used in)/ from financing activities:</u> |      |                  |                  |            |            |
| Payment of lease liabilities                                      |      | 768,210          | 957,256          | -          | -          |
| Payment on interest of lease liabilities                          |      | <u>66,457</u>    | <u>111,393</u>   | <u>-</u>   | <u>-</u>   |
|                                                                   |      | <u>834,667</u>   | <u>1,068,649</u> | <u>-</u>   | <u>-</u>   |
|                                                                   |      | <u>841,387</u>   | <u>1,072,149</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 2024**

**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 financial statements.

**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:

|                       |                                                                     |
|-----------------------|---------------------------------------------------------------------|
| MFRS 17               | Insurance Contracts                                                 |
| Amendments to MFRS 17 | Insurance Contracts                                                 |
| Amendments to MFRS 17 | Initial Application of MFRS 17 and MFRS 9 - Comparative Information |

**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 101 | Disclosure of Accounting Policies                                                |
| Amendments to MFRS 108 | Definition of Accounting Estimates                                               |
| Amendments to MFRS 112 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to MFRS 112 | International Tax Reform - Pillar Two Model Rules                                |

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, except for the followings:

Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group and to the Company’s accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the Note 3 to the financial statements.

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

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

#### 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 the MASB but are not yet effective for the Group and for the Company:

|                                    |                                                                                                                         | Effective dates for financial periods beginning on or <u>after</u> |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Amendments to MFRS 16              | Lease Liabilities in a Sales 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 MRES 107 and MFRS 7  | Supplier Finance Arrangements                                                                                           | 1 January 2024                                                     |
| Amendments to MRES 121             | Lack of Exchangeability                                                                                                 | 1 January 2025                                                     |
| Amendments to MFRS 9 and MFRS 7    | Amendments to the Classification and Measurement of Financial Instruments                                               | 1 January 2026                                                     |
| Annual Improvements - Volume 11    | Amendments to MFRS 1<br>Amendments to MFRS 7<br>Amendments to MFRS 9<br>Amendments to MFRS 10<br>Amendments to MFRS 107 | 1 January 2026                                                     |
| MFRS 18                            | Presentation and Disclosure in Financial Statements                                                                     | 1 January 2027                                                     |
| MFRS 19                            | Subsidiaries without Public Accountabilities: Disclosures                                                               | 1 January 2027                                                     |
| 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                                      |

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.

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

(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.

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

Satisfaction of performance obligations in relation to contracts with customers

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.

**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 (Cont'd)

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.

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.

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

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

**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 respectively.

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.

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 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.

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

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

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

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. Material accounting policies**

The Group and the Company applied the material 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 that control commences until the date control ceases. 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 entities are eliminated. Unrealised losses are eliminated only if there is no indication of impairment.

In the Company's separate financial statements, investments 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.

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

#### (b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

##### (i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably.

##### (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. Material accounting policies (Cont'd)

#### (c) Leases

##### (i) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

##### (ii) Recognition exemption

The Group has elected not to recognised right-of-use assets and liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (iii) Depreciation

The ROU asset 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 life of the ROU asset is 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                    |

#### (d) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measure at cost, including transaction cost, less any accumulated depreciation and impairment loss.

Investment property is 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 rate is:

|                |                                 |
|----------------|---------------------------------|
| 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.

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

**(d) Investment property (Cont'd)**

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Investment property is 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.

**(e) 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 basis.

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.

**(f) Financial instruments**

At the reporting date, the Group and the Company carry only financial assets at amortised cost on their statements of financial position. The Group's financial assets at amortised cost include trade receivables, other receivables, fixed deposits with licensed banks and cash and bank balances. The Company's financial assets at amortised cost include other receivables, fixed deposits with licensed banks and cash and bank balances.

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on their statements of financial position. The Group's financial liabilities at amortised cost include loan and borrowings, trade payables and other payables. The Company's financial liabilities at amortised cost include other payables.

**(g) 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.

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

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

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

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.

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. Material accounting policies (Cont'd)**

**(g) 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) Interest income**

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

#### 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   |
|--------------------------------|-------------------|---------------------|------------------------|-------------------|---------------------|---------------------------|----------------------------|---------------|-----------|-----------------------------|------------|
| Cost                           |                   |                     |                        |                   |                     |                           |                            |               |           |                             |            |
| At 1 July 2022                 | 2,307,008         | 4,568,722           | 15,136,475             | 2,300,109         | 458,301             | 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 |
| Additions                      | -                 | -                   | 409,636                | 1,050             | 37,152              | 8,307                     | -                          | 6,596         | 116,137   | 8,225,889                   | 8,804,767  |
| Written off                    | -                 | -                   | -                      | (540)             | -                   | -                         | -                          | (11,000)      | -         | (32,445)                    | (43,985)   |
| Termination of lease contract  | -                 | -                   | -                      | -                 | -                   | -                         | -                          | -             | (67,345)  | -                           | (67,345)   |
| Modification of lease contract | -                 | -                   | -                      | -                 | -                   | -                         | -                          | -             | (1,775)   | -                           | (1,775)    |
| At 30 June 2024                | 12,212,499        | 4,609,142           | 21,708,288             | 2,900,751         | 712,250             | 177,181                   | 153,926                    | 661,787       | 283,879   | 10,329,213                  | 53,748,916 |

#### 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>Accumulated depreciation</b> |                   |                     |                        |                   |                     |                           |                            |               |           |                             |            |
| At 1 July 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  |
| Charge for the financial year   | 369,238           | 92,183              | 1,288,243              | 290,863           | 106,419             | 17,109                    | 14,330                     | 66,784        | 72,000    | -                           | 2,317,169  |
| Written off                     | -                 | -                   | -                      | (45)              | -                   | -                         | -                          | (1,650)       | -         | -                           | (1,695)    |
| Termination of lease contract   | -                 | -                   | -                      | -                 | -                   | -                         | -                          | -             | (26,657)  | -                           | (26,657)   |
| Modification of lease contract  | -                 | -                   | -                      | -                 | -                   | -                         | -                          | -             | (888)     | -                           | (888)      |
| At 30 June 2024                 | 758,929           | 533,818             | 7,050,012              | 1,485,065         | 369,781             | 74,043                    | 107,109                    | 174,183       | 91,476    | -                           | 10,644,416 |
| <b>Carrying amount</b>          |                   |                     |                        |                   |                     |                           |                            |               |           |                             |            |
| At 30 June 2024                 | 11,453,570        | 4,075,324           | 14,658,276             | 1,415,686         | 342,469             | 103,138                   | 46,817                     | 487,604       | 192,403   | 10,329,213                  | 43,104,500 |
| 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 |

#### 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 RM11,453,570, RM4,075,324 and RM11,076,605 (2023: RM11,822,808, RM4,167,507 and RM11,947,065) respectively.

Machineries and motor vehicles with carrying amount of RM317,695 and RM857,073 (2023: RM1,753,347 and RM1,159,466) of the Company 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:

|                     | <b>Group</b>      |                   |
|---------------------|-------------------|-------------------|
|                     | <b>2024</b>       | <b>2023</b>       |
|                     | <b>RM</b>         | <b>RM</b>         |
| Leasehold land      | 11,453,570        | 11,822,808        |
| Factory building    | 4,075,324         | 4,167,507         |
| Plant and machinery | 317,695           | 1,753,347         |
| Motor vehicles      | 857,073           | 1,159,466         |
| Hostel              | 192,403           | 189,841           |
|                     | <u>16,896,065</u> | <u>19,092,969</u> |

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

|                | <b>Group</b>   |                |
|----------------|----------------|----------------|
|                | <b>2024</b>    | <b>2023</b>    |
|                | <b>RM</b>      | <b>RM</b>      |
| Motor vehicles | -              | 289,007        |
| Hostel         | 116,137        | 198,953        |
|                | <u>116,137</u> | <u>487,960</u> |

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

|                     | <b>Group</b>   |                |
|---------------------|----------------|----------------|
|                     | <b>2024</b>    | <b>2023</b>    |
|                     | <b>RM</b>      | <b>RM</b>      |
| Leasehold land      | 369,238        | 228,143        |
| Factory building    | 92,183         | 91,482         |
| Plant and machinery | 35,299         | 189,753        |
| Motor vehicles      | 145,028        | 168,856        |
| Hostel              | 72,000         | 45,441         |
|                     | <u>713,748</u> | <u>723,675</u> |

## 5. Investment property

|                                          | <b>Leasehold<br/>land<br/>RM</b> |
|------------------------------------------|----------------------------------|
| <b>Group</b>                             |                                  |
| <b>Cost</b>                              |                                  |
| At 1 July 2022/30 June 2023              | 1,126,745                        |
| Disposal                                 | (1,126,745)                      |
| At 30 June 2024                          | <u>-</u>                         |
| <b>Accumulated depreciation</b>          |                                  |
| At 1 July 2022                           | 67,549                           |
| Charge for the financial year            | 13,741                           |
| At 30 June 2023                          | 81,290                           |
| Charge for the financial year            | 10,306                           |
| Disposal                                 | (91,596)                         |
| At 30 June 2024                          | <u>-</u>                         |
| <b>Carrying amount</b>                   |                                  |
| At 30 June 2024                          | <u>-</u>                         |
| At 30 June 2023                          | <u>1,045,455</u>                 |
| <b>Fair value of investment property</b> |                                  |
| At 30 June 2024                          | <u>-</u>                         |
| At 30 June 2023                          | <u>1,489,822</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 Nil (2023: 76 years).

(i) Investment property pledged as securities to financial institution

Investment property of the Company amounting to RMNil (2023: RM1,045,455) has been pledged to secure banking facilities granted to the Company.

(ii) Income and expenses recognised in profit or loss

|                                         | <b>Group</b>          |
|-----------------------------------------|-----------------------|
|                                         | <b>2024<br/>RM</b>    |
|                                         | <b>2023<br/>RM</b>    |
| Direct operating expenses:              |                       |
| - Income generating investment property | <u>-</u> <u>3,665</u> |

**6. Investment in a subsidiary**

|                                 | Company    |            |
|---------------------------------|------------|------------|
|                                 | 2024       | 2023       |
|                                 | 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<br>/ Country of<br>incorporation | Effective<br>interest |           | Principal activities                                                                            |
|-------------------------------------|----------------------------------------------------|-----------------------|-----------|-------------------------------------------------------------------------------------------------|
|                                     |                                                    | 2024<br>%             | 2023<br>% |                                                                                                 |
| <b><i>Direct holding:</i></b>       |                                                    |                       |           |                                                                                                 |
| Multi Mould Industries<br>Sdn. Bhd. | Malaysia                                           | 100                   | 100       | Manufacturing and<br>sales of precision<br>parts and fabrication<br>of metal and sheet<br>metal |

**7. Inventories**

|                     | Group     |           |
|---------------------|-----------|-----------|
|                     | 2024      | 2023      |
|                     | RM        | RM        |
| Raw materials       | 1,016,268 | 3,292,890 |
| Semi-finished goods | 1,406,476 | 1,630,656 |
| Finished goods      | 2,603,588 | 1,541,355 |
| Machine tools       | 180,381   | 238,607   |
| Goods-in-transit    | -         | 22,452    |
|                     | 5,206,713 | 6,725,960 |

|                                         | Group     |           |
|-----------------------------------------|-----------|-----------|
|                                         | 2024      | 2023      |
|                                         | RM        | RM        |
| <b>Recognised in profit or loss:</b>    |           |           |
| Inventories recognised as cost of sales | 9,239,040 | 5,693,986 |
| Inventories written off                 | 13,812    | -         |

## 8. Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2023: 30 to 60 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 expected credit losses (“ECLs”) for trade receivables:

|                   | Gross<br>amount<br>RM | ECLs<br>RM | Net<br>amount<br>RM |
|-------------------|-----------------------|------------|---------------------|
| <b>Group</b>      |                       |            |                     |
| <b>2024</b>       |                       |            |                     |
| Not past due      | 2,884,887             | -          | 2,884,887           |
| Past due:         |                       |            |                     |
| Less than 30 days | 800,807               | -          | 800,807             |
| 30 to 60 days     | 6,000                 | -          | 6,000               |
|                   | 3,691,694             | -          | 3,691,694           |
| <b>2023</b>       |                       |            |                     |
| Not past due      | 5,256,483             | -          | 5,256,483           |
| Past due:         |                       |            |                     |
| Less than 30 days | 1,771,445             | -          | 1,771,445           |
| 30 to 60 days     | 1,237                 | -          | 1,237               |
|                   | 7,029,165             | -          | 7,029,165           |

The foreign currency profile of trade receivables is as follows:

|                              | 2024<br>RM | 2023<br>RM |
|------------------------------|------------|------------|
| United States Dollar (“USD”) | 91,066     | -          |

## 9. Other receivables

|                       | <b>Group</b>   |                | <b>Company</b> |              |
|-----------------------|----------------|----------------|----------------|--------------|
|                       | <b>2024</b>    | <b>2023</b>    | <b>2024</b>    | <b>2023</b>  |
|                       | <b>RM</b>      | <b>RM</b>      | <b>RM</b>      | <b>RM</b>    |
| Non-trade receivables | 8,033          | 77,869         | -              | -            |
| Deposits              | 32,727         | 25,640         | -              | -            |
| Prepayments           | 220,151        | 221,476        | 4,357          | 8,480        |
|                       | <u>260,911</u> | <u>324,985</u> | <u>4,357</u>   | <u>8,480</u> |

## 10. Fixed deposits with licensed banks

Fixed deposits with licensed banks of the Group amounting to RM151,000 (2023: RMNil) are pledged as security for bank facility granted to the Company.

The effective interest rates and maturities of fixed deposits of the Group and the Company as at the end of the reporting period ranged from 2.50% to 3.40% and 2.5% (2023: Nil) per annum and 1 month (2023: Nil).

## 11. Cash and bank balances

The foreign currency profile of cash and bank balances is as follows:

|     | <b>2024</b>   | <b>2023</b> |
|-----|---------------|-------------|
|     | <b>RM</b>     | <b>RM</b>   |
| USD | <u>70,187</u> | <u>-</u>    |

## 12. Share capital

|                               | <b>Group and Company</b>         |                    |                   |                   |
|-------------------------------|----------------------------------|--------------------|-------------------|-------------------|
|                               | <b>Number of ordinary shares</b> |                    | <b>Amount</b>     |                   |
|                               | <b>2024</b>                      | <b>2023</b>        | <b>2024</b>       | <b>2023</b>       |
|                               | <b>Units</b>                     | <b>Units</b>       | <b>RM</b>         | <b>RM</b>         |
| <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

|             | <b>Group</b>   |                  |
|-------------|----------------|------------------|
|             | <b>2024</b>    | <b>2023</b>      |
|             | <b>RM</b>      | <b>RM</b>        |
| Non-current | 343,008        | 631,411          |
| Current     | 351,343        | 759,583          |
|             | <u>694,351</u> | <u>1,390,994</u> |

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

|                                    | <b>Group</b>    |                  |
|------------------------------------|-----------------|------------------|
|                                    | <b>2024</b>     | <b>2023</b>      |
|                                    | <b>RM</b>       | <b>RM</b>        |
| Within 1 year                      | 372,044         | 821,725          |
| Between 1 - 5 years                | 355,322         | 662,927          |
|                                    | <u>727,366</u>  | <u>1,484,652</u> |
| Less: Future finance charges       | <u>(33,015)</u> | <u>(93,658)</u>  |
| Present value of lease liabilities | <u>694,351</u>  | <u>1,390,994</u> |

The Group leases properties, motor vehicles and machineries. 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 7.15% (2023: 1.75% to 7.60%).

# 15. Loan and borrowings

|                     | Group             |                   |
|---------------------|-------------------|-------------------|
|                     | 2024              | 2023              |
|                     | RM                | RM                |
| <b>Secured</b>      |                   |                   |
| Bankers' acceptance | -                 | 90,432            |
| Bank overdraft      | 837,557           | 1,726,165         |
| Revolving credit    | 1,069,675         | 1,667,992         |
| Term loans          | 23,614,566        | 20,132,554        |
|                     | <u>25,521,798</u> | <u>23,617,143</u> |
| <b>Non-current</b>  |                   |                   |
| Revolving credit    | 367,176           | 658,290           |
| Term loans          | 21,012,766        | 17,837,048        |
|                     | <u>21,379,942</u> | <u>18,495,338</u> |
| <b>Current</b>      |                   |                   |
| Bankers' acceptance | -                 | 90,432            |
| Bank overdraft      | 837,557           | 1,726,165         |
| Revolving credit    | 702,499           | 1,009,702         |
| Term loans          | 2,601,800         | 2,295,506         |
|                     | <u>4,141,856</u>  | <u>5,121,805</u>  |
|                     | <u>25,521,798</u> | <u>23,617,143</u> |

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

- 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
- Pledged of fixed deposits of the Company as disclosed in Note 10 to the financial statements.
- 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 February 2018.

Term loan II is repayable by 240 monthly instalments commencing from November 2019.

Term loan III is repayable by 180 monthly instalments commencing from September 2018.

Term loan IV is repayable by 180 monthly instalments commencing from October 2021.

Term loan V is repayable by 60 monthly instalments commencing from February 2021.

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

Term loan VI is repayable by 60 monthly instalments commencing from February 2023.

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

Term loan X is repayable by 60 monthly instalments commencing from April 2025.

Term loan XI is repayable by 180 monthly instalments commencing from April 2025.

Bankers' acceptances facilities are repayable within Nil (2023: 36) days.

Bank overdraft facilities are repayable on demand.

The average effective rates per annum are as follows:

|                     | <b>Group</b>       |                    |
|---------------------|--------------------|--------------------|
|                     | <b>2024</b>        | <b>2023</b>        |
|                     | <b>%</b>           | <b>%</b>           |
| Bankers' acceptance | 3.29 - 3.58        | 2.16 - 4.47        |
| Bank overdraft      | 6.65               | 5.90 - 6.65        |
| Revolving credit    | 7.15               | 6.15 - 7.15        |
| Term loans          | <u>4.50 - 7.15</u> | <u>4.50 - 7.15</u> |

**16. Deferred income**

|                                     | <b>Group</b>    |                 |
|-------------------------------------|-----------------|-----------------|
|                                     | <b>2024</b>     | <b>2023</b>     |
|                                     | <b>RM</b>       | <b>RM</b>       |
| <b>Government grant</b>             |                 |                 |
| At 1 July                           | 120,000         | 150,000         |
| Amortised during the financial year | <u>(30,000)</u> | <u>(30,000)</u> |
| At 30 June                          | <u>90,000</u>   | <u>120,000</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

|                                         | <b>Group</b>     |                  |
|-----------------------------------------|------------------|------------------|
|                                         | <b>2024</b>      | <b>2023</b>      |
|                                         | <b>RM</b>        | <b>RM</b>        |
| At 1 July                               | 1,996,000        | 1,780,000        |
| Recognised in profit or loss            | 61,000           | 293,000          |
| Over provision in prior financial years | (45,000)         | (77,000)         |
| At 30 June                              | <u>2,012,000</u> | <u>1,996,000</u> |

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

|                          | <b>Group</b>     |                  |
|--------------------------|------------------|------------------|
|                          | <b>2024</b>      | <b>2023</b>      |
|                          | <b>RM</b>        | <b>RM</b>        |
| Deferred tax liabilities | 2,470,000        | 2,289,000        |
| Deferred tax assets      | (458,000)        | (293,000)        |
|                          | <u>2,012,000</u> | <u>1,996,000</u> |

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

|                                           | <b>Group</b>     |                  |
|-------------------------------------------|------------------|------------------|
|                                           | <b>2024</b>      | <b>2023</b>      |
|                                           | <b>RM</b>        | <b>RM</b>        |
| <b>Deferred tax liabilities</b>           |                  |                  |
| <b>Accelerated capital allowances</b>     |                  |                  |
| At 1 July                                 | 2,289,000        | 1,780,000        |
| Recognised in profit or loss              | 226,000          | 586,000          |
| Over provision in prior financial years   | (45,000)         | (77,000)         |
| At 30 June                                | <u>2,470,000</u> | <u>2,289,000</u> |
| <b>Deferred tax assets</b>                |                  |                  |
| <b>Unutilised reinvestment allowances</b> |                  |                  |
| At 1 July                                 | (293,000)        | -                |
| Recognised in profit or loss              | (165,000)        | (293,000)        |
| At 30 June                                | <u>(458,000)</u> | <u>(293,000)</u> |

# 18. Trade payables

The normal trade credit terms granted to the Company ranged from cash term to 90 days (2023: 30 to 90 days) depending on the term of the contracts.

## 19. Other payables

|                    | Group            |                  | Company       |               |
|--------------------|------------------|------------------|---------------|---------------|
|                    | 2024             | 2023             | 2024          | 2023          |
|                    | RM               | RM               | RM            | RM            |
| Non-trade payables | 1,544,925        | 1,409,375        | -             | -             |
| Accruals           | 808,562          | 917,566          | 22,717        | 11,820        |
|                    | <u>2,353,487</u> | <u>2,326,941</u> | <u>22,717</u> | <u>11,820</u> |

Included in non-trade payable of the Group is an amount of RM1,501,473 (2023: RM1,297,172) related to purchase of property, plant and equipment.

## 20. Revenue

|                             | Group             |                   | Company  |          |
|-----------------------------|-------------------|-------------------|----------|----------|
|                             | 2024              | 2023              | 2024     | 2023     |
|                             | RM                | RM                | RM       | RM       |
| <b>Geographical market:</b> |                   |                   |          |          |
| Malaysia                    | 25,054,309        | 26,650,905        | -        | -        |
| Singapore                   | 157,959           | -                 | -        | -        |
|                             | <u>25,212,268</u> | <u>26,650,905</u> | <u>-</u> | <u>-</u> |

|                                                               | Group             |                   | Company  |          |
|---------------------------------------------------------------|-------------------|-------------------|----------|----------|
|                                                               | 2024              | 2023              | 2024     | 2023     |
|                                                               | RM                | RM                | RM       | RM       |
| <b>Revenue from contracts with customers:</b>                 |                   |                   |          |          |
| Manufacturing of precision engineering parts                  | 22,700,250        | 23,643,702        | -        | -        |
| Processing and enhancement of materials provided by customers | 2,512,018         | 3,007,203         | -        | -        |
|                                                               | <u>25,212,268</u> | <u>26,650,905</u> | <u>-</u> | <u>-</u> |
| <b>Timing of revenue recognition:</b>                         |                   |                   |          |          |
| At a point in time                                            | 22,700,250        | 23,643,702        | -        | -        |
| Over time                                                     | 2,512,018         | 3,007,203         | -        | -        |
|                                                               | <u>25,212,268</u> | <u>26,650,905</u> | <u>-</u> | <u>-</u> |

## 21. Finance costs

|                       | <b>Group</b>     |                  |
|-----------------------|------------------|------------------|
|                       | <b>2024</b>      | <b>2023</b>      |
|                       | <b>RM</b>        | <b>RM</b>        |
| Interest expenses on: |                  |                  |
| - Revolving credit    | 94,682           | 132,054          |
| - Term loans          | 1,089,834        | 803,390          |
| - Bankers' acceptance | 8,510            | 5,320            |
| - Bank overdraft      | 6,691            | 7,152            |
| - Letter of credit    | -                | 3,455            |
| - Lease liabilities   | 66,457           | 111,393          |
|                       | <u>1,266,174</u> | <u>1,062,764</u> |

## 22. Profit/(Loss) before tax

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

|                                               | <b>Group</b> |             | <b>Company</b> |             |
|-----------------------------------------------|--------------|-------------|----------------|-------------|
|                                               | <b>2024</b>  | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|                                               | <b>RM</b>    | <b>RM</b>   | <b>RM</b>      | <b>RM</b>   |
| Auditors' remuneration                        | 40,000       | 40,000      | 10,000         | 10,000      |
| Amortisation of government grant              | (30,000)     | (30,000)    | -              | -           |
| Depreciation of investment property           | 10,306       | 13,741      | -              | -           |
| Depreciation of property, plant and equipment | 2,317,169    | 1,763,198   | -              | -           |
| Gain on disposal of investment property       | (581,788)    | -           | -              | -           |
| Gain on termination of lease contract         | (2,044)      | -           | -              | -           |
| Gain on modification of lease contract        | (951)        | -           | -              | -           |
| Interest income:                              |              |             |                |             |
| - Fixed deposits from licensed banks          | (187,204)    | (2,209)     | (3,419)        | -           |
| - Bank interests                              | (83,611)     | (142,916)   | -              | -           |
| Inventory written off                         | 13,812       | -           | -              | -           |

## 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>2024</b>  | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|                                           | <b>RM</b>    | <b>RM</b>   | <b>RM</b>      | <b>RM</b>   |
| Lease expenses relating to:               |              |             |                |             |
| - Short-term lease (a)                    | 6,720        | 3,500       | -              | -           |
| Property, plant and equipment written off | 42,290       | 4,622       | -              | -           |
| Realised gain on foreign exchange         | (9)          | -           | -              | -           |
| Unrealised loss on foreign exchange       | 1,332        | -           | -              | -           |
|                                           | <u>1,332</u> | <u>-</u>    | <u>-</u>       | <u>-</u>    |

- (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.

## 23. Taxation

|                                                  | <b>Group</b>  |                | <b>Company</b> |             |
|--------------------------------------------------|---------------|----------------|----------------|-------------|
|                                                  | <b>2024</b>   | <b>2023</b>    | <b>2024</b>    | <b>2023</b> |
|                                                  | <b>RM</b>     | <b>RM</b>      | <b>RM</b>      | <b>RM</b>   |
| <b>Tax expenses recognised in profit or loss</b> |               |                |                |             |
| <b>Current tax</b>                               |               |                |                |             |
| Current financial year provision                 | 67,832        | 275,776        | -              | -           |
| (Over)/Under provision in prior financial years  | (208)         | 6,848          | 223            | 818         |
|                                                  | <u>67,624</u> | <u>282,624</u> | <u>223</u>     | <u>818</u>  |

### 23. Taxation (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>   |
| <b>Deferred tax</b>                               |               |                |                |             |
| Origination and reversal of temporary differences | 61,000        | 293,000        | -              | -           |
| Over provision in prior financial years           | (45,000)      | (77,000)       | -              | -           |
|                                                   | <u>16,000</u> | <u>216,000</u> | <u>-</u>       | <u>-</u>    |
|                                                   | <u>83,624</u> | <u>498,624</u> | <u>223</u>     | <u>818</u>  |

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>2024</b>    | <b>2023</b>      | <b>2024</b>      | <b>2023</b>      |
|                                                         | <b>RM</b>      | <b>RM</b>        | <b>RM</b>        | <b>RM</b>        |
| Profit/(Loss) before tax                                | <u>539,364</u> | <u>5,360,641</u> | <u>(101,468)</u> | <u>(223,765)</u> |
| At Malaysian statutory tax rate of 24% (2023: 24%)      | 129,448        | 1,286,554        | (24,352)         | (53,704)         |
| Expenses not deductible for tax purposes                | 246,665        | 217,427          | 24,352           | 53,704           |
| Income not subject to tax                               | (146,829)      | (42,030)         | -                | -                |
| Utilisation of reinvestment allowance                   | (100,452)      | (893,174)        | -                | -                |
| Under provision of current tax in prior financial years | (208)          | 6,848            | 223              | 818              |
| Over provision of deferred tax in prior financial years | (45,000)       | (77,000)         | -                | -                |
|                                                         | <u>83,624</u>  | <u>498,625</u>   | <u>223</u>       | <u>818</u>       |

### 23. Taxation (Cont'd)

The Group have unutilised reinvestment allowance of RM1,907,595 (2023: RM1,220,245) 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>2024</b>        | <b>2023</b>        |
|                                                       | <b>RM</b>          | <b>RM</b>          |
| Profit attributable to owners of the Company          | <u>455,740</u>     | <u>4,862,017</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>0.08</u>        | <u>0.81</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>2024</b>       | <b>2023</b>      |
|                                      | <b>RM</b>         | <b>RM</b>        |
| Salaries, wages and other emoluments | 9,641,287         | 8,161,304        |
| Defined contribution plans           | 819,711           | 710,756          |
| Social security contributions        | <u>109,694</u>    | <u>92,338</u>    |
|                                      | <u>10,570,692</u> | <u>8,964,398</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>2024</b>  | <b>2023</b> |
|                                           | <b>RM</b>    | <b>RM</b>   |
| <b>Executive Directors</b>                |              |             |
| Salaries and other emoluments             | 1,345,450    | 1,425,000   |
| Defined contribution plans                | 160,254      | 155,400     |
| Social security contributions             | 3,538        | 4,076       |
| Estimated money value of benefits-in-kind | 69,850       | 69,850      |
|                                           | 1,579,092    | 1,654,326   |

## 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:

|                     | At<br>1.7.2023<br>RM | Drawdown<br>RM | Repayment<br>RM      | Modification<br>of lease<br>RM | Termination<br>of lease<br>RM | At<br>30.6.2024<br>RM |
|---------------------|----------------------|----------------|----------------------|--------------------------------|-------------------------------|-----------------------|
| <b>Group</b>        |                      |                |                      |                                |                               |                       |
| Lease liabilities   | 1,390,994            | 116,137        | (768,210)            | (1,838)                        | (42,732)                      | 694,351               |
| Revolving credit    | 1,667,992            | -              | (598,317)            | -                              | -                             | 1,069,675             |
| Term loans          | 20,132,554           | 6,251,302      | (2,769,290)          | -                              | -                             | 23,614,566            |
| Bankers' acceptance | 90,432               | 1,465,411      | (1,555,843)          | -                              | -                             | -                     |
|                     |                      |                |                      |                                |                               |                       |
|                     |                      |                | At<br>1.7.2022<br>RM | Drawdown<br>RM                 | Repayment<br>RM               | At<br>30.6.2023<br>RM |
| 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                |
|                     |                      |                |                      |                                |                               |                       |

## 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 the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, there is no related party transactions of the Company during the financial year.

### (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. Capital commitment

|                                 | Group      |      |
|---------------------------------|------------|------|
|                                 | 2024       | 2023 |
|                                 | RM         | RM   |
| Capital expenditure             |            |      |
| Authorised and contracted for:  |            |      |
| - Property, plant and equipment | 14,086,405 | -    |

## 29. 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.

## 29. Segment information (Cont'd)

Revenue from 3 customers (2023: three customers) amounting to RM23.4 million (2023: RM24.6 million) arising from sales precision parts and fabrication of metal and sheet metal.

## 30. 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 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:

|                                    | <b>Group</b>      |                   |
|------------------------------------|-------------------|-------------------|
|                                    | <b>2024</b>       | <b>2023</b>       |
|                                    | <b>RM</b>         | <b>RM</b>         |
| <b>At amortised cost</b>           |                   |                   |
| <b>Financial assets</b>            |                   |                   |
| Trade receivables                  | 3,691,694         | 7,029,165         |
| Other receivables                  | 40,760            | 103,509           |
| Fixed deposits with licensed banks | 8,331,000         | -                 |
| Cash and bank balances             | 3,862,095         | 12,190,810        |
|                                    | <u>15,925,549</u> | <u>19,323,484</u> |
| <b>At amortised cost</b>           |                   |                   |
| <b>Financial liabilities</b>       |                   |                   |
| Loan and borrowings                | 25,521,798        | 23,617,143        |
| Trade payables                     | 787,514           | 1,816,509         |
| Other payables                     | 2,353,487         | 2,326,941         |
|                                    | <u>28,662,799</u> | <u>27,760,593</u> |
|                                    |                   |                   |
|                                    | <b>Company</b>    |                   |
|                                    | <b>2024</b>       | <b>2023</b>       |
|                                    | <b>RM</b>         | <b>RM</b>         |
| <b>At amortised cost</b>           |                   |                   |
| <b>Financial assets</b>            |                   |                   |
| Fixed deposits with licensed banks | 180,000           | -                 |
| Cash and bank balances             | 3,066             | 269,749           |
|                                    | <u>180,000</u>    | <u>269,749</u>    |

### 30. 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)

|                            | Company |        |
|----------------------------|---------|--------|
|                            | 2024    | 2023   |
|                            | RM      | RM     |
| <b>At amortised cost</b>   |         |        |
| <b>Financial liability</b> |         |        |
| Other payables             | 22,717  | 11,820 |

#### (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, fixed deposits with licensed banks and cash and bank balances. The Company's exposure to credit risk arises principally from fixed deposits with licensed banks and bank balances. There are no significant changes as compared to previous financial year.

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.

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

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

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

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, except for financial guarantees provided to bank for banking facilities.

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

As at the end of the financial year, the Group had 2 customers (2023: 2 customers) that owed the Group total of RM3,248,430 (2023: RM5,827,400) and accounted for approximately 88% (2023: 83%) of all the receivables outstanding.

**(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.

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

|                                                 | <b>On demand<br/>or within<br/>1 year<br/>RM</b> | <b>1 to 5<br/>years<br/>RM</b> | <b>More than<br/>5 years<br/>RM</b> | <b>Total<br/>contractual<br/>cash flows<br/>RM</b> | <b>Total<br/>carrying<br/>amount<br/>RM</b> |
|-------------------------------------------------|--------------------------------------------------|--------------------------------|-------------------------------------|----------------------------------------------------|---------------------------------------------|
| <b>Group</b>                                    |                                                  |                                |                                     |                                                    |                                             |
| <b>2024</b>                                     |                                                  |                                |                                     |                                                    |                                             |
| <u>Non-derivative<br/>financial liabilities</u> |                                                  |                                |                                     |                                                    |                                             |
| Loan and borrowings                             | 5,092,717                                        | 17,911,722                     | 8,277,121                           | 31,281,560                                         | 25,521,798                                  |
| Lease liabilities                               | 372,044                                          | 355,322                        | -                                   | 727,366                                            | 694,351                                     |
| Trade payables                                  | 787,514                                          | -                              | -                                   | 787,514                                            | 787,514                                     |
| Other payables                                  | 2,353,487                                        | -                              | -                                   | 2,353,487                                          | 2,353,487                                   |
|                                                 | <u>8,605,762</u>                                 | <u>18,267,044</u>              | <u>8,277,121</u>                    | <u>35,149,927</u>                                  | <u>29,357,150</u>                           |

|                                                 |                   |                   |                  |                   |                   |
|-------------------------------------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| <b>2023</b>                                     |                   |                   |                  |                   |                   |
| <u>Non-derivative<br/>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> |

|                                             | <b>On demand<br/>or within<br/>1 year<br/>RM</b> | <b>Total<br/>contractual<br/>cash flows<br/>RM</b> | <b>Total<br/>carrying<br/>amount<br/>RM</b> |
|---------------------------------------------|--------------------------------------------------|----------------------------------------------------|---------------------------------------------|
| <b>Company</b>                              |                                                  |                                                    |                                             |
| <b>2024</b>                                 |                                                  |                                                    |                                             |
| <u>Non-derivative financial liabilities</u> |                                                  |                                                    |                                             |
| Other payables                              | <u>22,717</u>                                    | <u>22,717</u>                                      | <u>22,717</u>                               |
| Financial guarantees*                       | <u>25,521,798</u>                                | <u>-</u>                                           | <u>25,521,798</u>                           |
| <b>2023</b>                                 |                                                  |                                                    |                                             |
| <u>Non-derivative financial liabilities</u> |                                                  |                                                    |                                             |
| Other payables                              | <u>11,820</u>                                    | <u>11,820</u>                                      | <u>11,820</u>                               |
| Financial guarantees*                       | <u>23,617,143</u>                                | <u>-</u>                                           | <u>23,617,143</u>                           |

\* Based on the maximum amount that can be called for under the financial guarantee contract

The Company provides financial guarantee to banks in respect of credit facilities granted to certain subsidiaries. At end of the financial year, there was no indication that the subsidiaries would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiaries defaulting on their credit facilities is remote.

### 30. Financial instruments (Cont'd)

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

##### (iii) Market risks (Cont'd)

##### (a) Foreign currency risk (Cont'd)

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currency of the Group. The currency giving rise to this risk is primarily USD.

The carrying amount of the Group's foreign currency denominated financial asset at the end of the reporting period is as follows:

|                   | <b>Denominated<br/>in USD</b> |
|-------------------|-------------------------------|
| <b>Group</b>      |                               |
| <b>2024</b>       |                               |
| Trade receivables | 91,066                        |
| Bank balances     | 70,187                        |
|                   | <u>161,253</u>                |

##### Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the USD exchange rate against RM, with all other variables held constant.

|                                          | <b>Effect on profit<br/>before tax</b> |             |
|------------------------------------------|----------------------------------------|-------------|
|                                          | <b>2024</b>                            | <b>2023</b> |
|                                          | <b>RM</b>                              | <b>RM</b>   |
| <b>Group</b>                             |                                        |             |
| <b>Change in currency rate</b>           |                                        |             |
| <b>USD Strengthened by 1% (2023: 1%)</b> | 1,613                                  | -           |
| <b>Weakened by 1% (2023: 1%)</b>         | <u>(1,613)</u>                         | <u>-</u>    |

Exposures to foreign exchange rate vary during the financial year depending on the volume of overseas transaction. Nonetheless, the analysis above considered to be representative of the Group's exposures to foreign currency risk.

##### (b) Interest rate risk

The Group's and the Company'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 and the Company's variable rate borrowing are exposed to a risk of change in cash flows due to changes in interest rates.

### 30. Financial instruments (Cont'd)

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

##### (iii) Market risks (Cont'd)

##### (b) Interest rate risk (Cont'd)

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

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

|                                    | <b>Group</b>        |                     |
|------------------------------------|---------------------|---------------------|
|                                    | <b>2024</b>         | <b>2023</b>         |
|                                    | <b>RM</b>           | <b>RM</b>           |
| <b>Fixed rate instruments</b>      |                     |                     |
| <b>Financial asset</b>             |                     |                     |
| Fixed deposits with licensed banks | 8,331,000           | -                   |
| <b>Financial liabilities</b>       |                     |                     |
| Lease liabilities                  | (489,346)           | (1,197,171)         |
| Loan and borrowings                | -                   | (90,432)            |
| Net financial asset/(liability)    | <u>7,841,654</u>    | <u>(1,287,603)</u>  |
| <b>Floating rate instruments</b>   |                     |                     |
| <b>Financial liability</b>         |                     |                     |
| Loan and borrowings                | <u>(25,521,798)</u> | <u>(23,526,711)</u> |
|                                    |                     |                     |
|                                    | <b>Company</b>      |                     |
|                                    | <b>2024</b>         | <b>2023</b>         |
|                                    | <b>RM</b>           | <b>RM</b>           |
| <b>Fixed rate instruments</b>      |                     |                     |
| <b>Financial asset</b>             |                     |                     |
| Fixed deposits with licensed banks | <u>180,000</u>      | <u>-</u>            |

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

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

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

**Interest rate risk sensitivity analysis**

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company 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 RM255,218 (2023: RM235,267) 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.

(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.

### 30. Financial instruments (Cont'd)

#### (c) Fair value of financial instruments (Cont'd)

##### (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.

### 31. 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>2024</b>       | <b>2023</b>       | <b>2024</b>       | <b>2023</b>       |
|                                                | <b>RM</b>         | <b>RM</b>         | <b>RM</b>         | <b>RM</b>         |
| Lease liabilities                              | 489,346           | 1,197,171         | -                 | -                 |
| Loan and borrowings                            | 25,521,798        | 23,617,143        | -                 | -                 |
| Less: Fixed deposits<br>with licensed<br>banks | (8,331,000)       | -                 | (180,000)         | -                 |
| Cash and<br>bank balances                      | (3,862,095)       | (12,190,810)      | (3,066)           | (269,749)         |
| Net debts/(cash)                               | <u>13,818,049</u> | <u>12,623,504</u> | <u>(183,066)</u>  | <u>(269,749)</u>  |
| Total equity                                   | <u>34,071,419</u> | <u>33,615,679</u> | <u>14,764,802</u> | <u>14,866,493</u> |
| Gearing ratio (times)                          | <u>0.41</u>       | <u>0.38</u>       | <u>N/A</u>        | <u>N/A</u>        |

N/A: 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.

**31. Capital management (Cont'd)**

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

**32. Contingent liabilities**

|                                                                                                        | <b>Company</b>    |                   |
|--------------------------------------------------------------------------------------------------------|-------------------|-------------------|
|                                                                                                        | <b>2024</b>       | <b>2023</b>       |
|                                                                                                        | <b>RM</b>         | <b>RM</b>         |
| <b>Secured</b>                                                                                         |                   |                   |
| Corporate guarantee extended to financial institution<br>in respect of subsidiary's banking facilities | <u>25,521,798</u> | <u>23,617,143</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 2024.