

RAMSSOL GROUP BERHAD
[Registration No: 201901001120 (1310446-A)]
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2023

Registered office:
Level 13, Menara 1 Sentrum
201, Jalan Tun Sambanthan
Brickfields, 50470 Kuala Lumpur

Principal place of business:
B-04-05, Tamarind Square
Persiaran Multimedia, Cyber 10
63000 Cyberjaya
Selangor Darul Ehsan

RAMSSOL GROUP BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2023

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RAMSSOL GROUP BERHAD
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DIRECTORS' REPORT

The Directors have pleasure submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

Principal activities

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

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

Financial results

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year	<u>6,000</u>	<u>(1,768)</u>
Attributable to:		
Owners of the Company	6,261	(1,768)
Non-controlling interests	<u>(261)</u>	<u>-</u>
	<u>6,000</u>	<u>(1,768)</u>

Reserves and provisions

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

Dividends

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

Issues of shares and debentures

During the financial year, the Company increased its issued and paid-up share capital from 244,356,600 to 318,963,500 by way of:

- (a) On 23 February 2023, the Company issued 1,000,000 new ordinary shares pursuant to private placement exercise at issue price of RM0.4168 per ordinary share for total consideration of RM416,800 for investment purposes.
- (b) On 18 September 2023, the Company issued 39,822,200 new ordinary shares pursuant to private placement exercise at issue price of RM0.3252 per ordinary shares for total consideration of RM12,950,179 for investment purposes.
- (c) On 20 September 2023, the Company issued 21,362,500 new ordinary shares pursuant to private placement exercise at issue price of RM0.3745 per ordinary shares for total consideration of RM8,000,256 for investment purposes.
- (d) On 22 December 2023, the Company issued 12,422,200 new ordinary shares pursuant to private placement exercise at issue price of RM0.3076 per ordinary shares for total consideration of RM3,821,069 for investment purposes.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issuance debentures during the financial year.

Warrants 2023/2028

The Warrants are constituted by the Deed Poll dated 10 February 2023.

On 3 March 2023, 122,678,325 Warrants (“Warrants”) were issued free by the Company pursuant to the bonus issue on the basis of one (1) Warrant for every two (2) existing ordinary shares held.

The salient features of the Warrants are as follows:

Terms	Details
Form	The Warrants were issued in registered form and constituted by the Deed Poll.
Board lot	For the purpose of trading on Bursa Securities, a board lot of Warrants shall comprise 100 Warrants or such other denominations as permitted by Bursa Securities from time to time.
Listing	Approval has been obtained from Bursa Securities on 11 January 2023, for the admission of the Warrants to the Official List of Bursa Securities, and for the listing of and quotation for up to 122,678,325 new Shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities.

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Warrants 2023/2028 (Cont'd)

The salient features of the Warrants are as follows: (Cont'd)

Expiry date	Five (5) years from the date of issuance of Warrants.
Exercise period	The period of five (5) years commencing on, an inclusive of, the Issue Date on the Expiry Date, provided that if such day falls on a day which is not a Market Day, then it will be the Market Day immediately preceding the said non-Market Day.
Exercise price	RM0.45 payable in full upon exercise of each Warrant.
Exercise rights	Each Warrant carries the entitlement, at any time during the Exercise Period, to subscribe for one (1) new ordinary share in the Company at the Exercise Price.
Participating rights	The Warrant holders are not entitled to vote in any general meetings of the Company or participation in any form of distribution other than on winding-up, compromise or arrangement of Company and/or in any offer of further securities in the Company until and unless the Warrant holder becomes a shareholder of Company by exercising his/her Warrants into new Company's Shares or unless otherwise resolved by Company in a general meeting.
Ranking of new Company's shares	The new Company's shares to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing Company's shares, save and except that the new Company's shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions, that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new Company's shares.
Governing law	Laws and regulations of Malaysia.

The movement of warrants during the financial year are as follows:

	At 3.3.2023	Number of units exercised	At 31.12.2023
Warrants 2023/2028	122,678,325	-	122,678,325

Option granted over unissued shares

The Board of Directors had proposed to establish a new employee share option scheme ("ESOS") on 14 July 2023 and the establishment was approved by the shareholders at the Extraordinary General Meeting held on 1 September 2023.

The ESOS is in force for a period of five (5) years. During the financial year end, the Company did not issue any new ordinary shares pursuant to the ESOS.

Directors

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

Datuk Seri Tan Chee Seng *
 Liew Yu Hoe *
 Goh Keng Tat
 Sim Seng Loong @ Tai Seng
 Khadijah Binti Iskandar
 Lee Miew Lan (Resigned on 12 April 2024)
 Dato' Abdul Harith Bin Abdullah (Appointed on 6 June 2023)
 Datuk Seri CM Vignaesvaran A/L Jeyandran (Retired on 1 June 2023)

* Director of the Company and its subsidiaries

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report are:

Ivana Sumawi
 Cao Nguyen Phuong Anh
 Soh Meng Siit

Directors' interest

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

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
Interest in the Company				
Direct interests				
Datuk Seri Tan Chee Seng	74,185,597	2,100,000	-	76,285,597
Lee Miew Lan	39,791,398	-	(14,000,000)	25,791,398
Liew Yu Hoe	3,659,405	3,699,405	(3,679,405)	3,679,405
Goh Keng Tat	125,000	-	-	125,000
Sim Seng Loong @ Tai Seng	130,000	-	-	130,000
Indirect interests				
Datuk Seri Tan Chee Seng #	-	100,000	-	100,000

Indirect interest by virtue of shares held by spouse

Directors' interest (Cont'd)

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

	At 1.1.2023	Number of warrants		At 31.12.2023
		Bought	Sold	
Interest in the Company				
Direct interests				
Datuk Seri Tan Chee Seng	-	37,142,798	(26,000,000)	11,142,798
Lee Miew Lan	-	19,895,698	(2,300,000)	17,595,698
Liew Yu Hoe	-	1,839,702	(1,839,702)	-
Goh Keng Tat	-	62,500	-	62,500
Sim Seng Loong @ Tai Seng	-	65,000	-	65,000

By virtue of his interest in the shares of the Company, Datuk Seri Tan Chee Seng is also deemed interests in the shares of all the subsidiaries during the financial year to the extent that the Company has interests under Section 8 of the Companies Act 2016 in Malaysia.

Other than as disclosed above, none of the other Directors in office at the end of the financial year have any interest in shares in the Company or its related corporations during the financial year.

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 below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits of the Group and of the Company are as follows:

	Group RM'000	Company RM'000
Fees	319	319
Salaries and other emoluments	968	-
Defined contribution benefits	126	-
	<u>1,413</u>	<u>319</u>

Directors' benefits (Cont'd)

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object 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 cost

The amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Group and of the Company during the financial year are amounted to RM7,000,000 and RM45,416 respectively.

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 adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of 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 the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; 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
 - (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.

Other statutory information (Cont'd)

- (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 and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the 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.

Subsidiaries

The details of the subsidiaries are disclosed in Note 8 to the financial statements.

Significant event after the reporting date

The significant events after the reporting date are disclosed in Note 36 to the financial statements.

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Auditors

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

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 are as follows:

	Group RM'000	Company RM'000
TGS TW PLT	145	65
Other auditors	161	-
	<u>306</u>	<u>65</u>

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 April 2024.

DATUK SERI TAN CHEE SENG

LIEW YU HOE

KUALA LUMPUR

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RAMSSOL GROUP BERHAD
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STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being the two Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 20 to 98 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 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 April 2024.

DATUK SERI TAN CHEE SENG

LIEW YU HOE

KUALA LUMPUR

Registration No.: 201901001120 (1310446-A)

RAMSSOL GROUP BERHAD
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STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, Chay Wai Yee (MIA Membership Number: 11142), being the officer primarily responsible for the financial management of Ramssol Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 20 to 98 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 Kuala Lumpur in the)
Federal Territory on 23 April 2024.)

CHAY WAI YEE

Before me,

SHI' ARATUL AKMAR BINTI SAHARI
(NO. W788)
Commissioner for Oaths

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
RAMSSOL GROUP BERHAD**

[Registration No: 201901001120 (1310446-A)]
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Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ramssol Group Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 20 to 98.

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 31 December 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
RAMSSOL GROUP BERHAD (CONT'D)**

[Registration No: 201901001120 (1310446-A)]
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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.

Revenue recognition

Refer to Note 24 to the financial statements

Key audit matters

For the financial year ended 31 December 2023, the Group recorded revenue of approximately RM30.38 million primarily derived from provision of Human Capital Management ("HCM") and student management solutions, IT staff augmentation services, HCM technology applications, IT-Related Training and IT and multimedia services.

The timing of revenue recognised for each type of revenue is dependent on the nature and the different contractual terms as set out in the agreements with the respective customers.

How our audit addressed the key audit matter

We performed the following audit procedures, amongst others, around revenue recognition:

- testing the occurrence and accuracy of revenue transactions to supporting evidence such as customer's contract, invoices and relevant supporting documents;
- assessing the effectiveness of internal controls by performing walkthrough test and substantive test;
- checking billed invoices against documents acknowledged by customers to support the work order performed by the Group; and
- assessing the completeness and accuracy of disclosures as required by MFRS 15.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
RAMSSOL GROUP BERHAD (CONT'D)**
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Report on the audit of the financial statements (Cont'd)

Key audit matters (Cont'd)

Impairment of intangible assets

Refer to Note 7 to the financial statements

Key audit matters

Intangible assets as at the reporting date amounted to approximately RM43.51 million, representing approximately 43% of total assets of the Group.

Intangible assets are subject to impairment assessment by comparing the carrying amounts to their corresponding recoverable amounts.

The recoverable amounts were determined by the management using value-in-use method, based on future financial information.

We focused on this area as significant judgement and estimates are applied in determining the recoverable amounts.

How our audit addressed the key audit matter

We performed the following audit procedures, amongst others, around impairment of intangible assets:

- obtaining management's impairment analysis and gained an understanding of their impairment assessment process;
- reviewing the reasonableness of the key assumptions used and judgement made in determining the recoverable amount;
- checking the sensitivity analysis on revenue growth, profit margin and discount rate; and
- discussed with Directors and Independent Business Valuer on the Group's assessment on estimated recoverable amount of the intangible assets.

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

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

Key audit matters (Cont'd)

Recoverability of trade receivables

Refer to Note 10 to the financial statements

Key audit matter

Trade receivables as at the reporting date amounted to approximately RM16.56 million, which representing approximately 16% of total assets of the Group.

The management applied assumption in assessing the level of allowance for impairment losses in trade receivables based on the following:

- Specific known facts or circumstances on customers' ability to pay; and/or
- By reference to past default experiences.

The impairment assessment involved significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance.

We focused on this area as the adequacy of the impairment loss for trade receivables involved the use of judgement.

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

How our audit addressed the key audit matter

We performed the following audit procedures, amongst others, around recoverability of trade receivables:

- considering the history of cash receipts, and post year end cash receipts from the customers;
- testing the adequacy of the Group's impairment loss on trade receivables by assessing the relevant assumptions taking account of our own knowledge of recent collection experience and also historical data from the Group's previous collection experiences; and
- considering other payment arrangements between the Group and its customers.

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

[Registration No: 201901001120 (1310446-A)]
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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 annual 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 the 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 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.

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 and the Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
RAMSSOL GROUP BERHAD (CONT'D)**
[Registration No: 201901001120 (1310446-A)]
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Report on the audit of the financial statements (Cont'd)

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 a 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.
- 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.

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

- 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 and 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.
- 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
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Report on the audit of the financial statements (Cont'd)

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

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.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
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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 purpose. We do not assume responsibility to any other person for the content of this report.

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

OOI POH LIM
03087/10/2025 J
Chartered Accountant

KUALA LUMPUR
23 April 2024

RAMSSOL GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	3,338	3,549	-	-
Right-of-use assets	5	843	843	-	-
Investment property	6	718	735	-	-
Intangible assets	7	43,509	15,105	-	-
Investment in subsidiaries	8	-	-	1,784	1,333
Other investments	9	4,643	4,000	4,643	4,000
		<u>53,051</u>	<u>24,232</u>	<u>6,427</u>	<u>5,333</u>
Current assets					
Trade receivables	10	16,558	22,720	-	-
Other receivables	11	3,939	6,392	241	1,560
Amount due from subsidiaries	12	-	-	41,888	22,329
Contract assets	13	18,930	2,520	-	-
Tax recoverable		7	-	-	-
Fixed deposits and bank balances	14	8,348	8,376	2,507	68
		<u>47,782</u>	<u>40,008</u>	<u>44,636</u>	<u>23,957</u>
Total assets		<u>100,833</u>	<u>64,240</u>	<u>51,063</u>	<u>29,290</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	61,745	37,186	61,745	37,186
Merger deficit	16(a)	(1,074)	(1,074)	-	-
Foreign currency translation reserve	16(b)	186	217	-	-
Fair value reserve	16(c)	(857)	-	(857)	-
Retained earnings/(Accumulated losses)		<u>25,186</u>	<u>18,792</u>	<u>(10,171)</u>	<u>(8,403)</u>
		<u>85,186</u>	<u>55,121</u>	<u>50,717</u>	<u>28,783</u>
Non-controlling interests ("NCI")	8(c)	<u>(3,929)</u>	<u>(3,856)</u>	<u>-</u>	<u>-</u>
Total equity		<u>81,257</u>	<u>51,265</u>	<u>50,717</u>	<u>28,783</u>

RAMSSOL GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
(CONT'D)					
LIABILITIES					
Non-current liabilities					
Lease liabilities	17	395	252	-	-
Borrowings	18	4,445	5,817	-	-
Deferred tax liabilities	19	2	-	-	-
Employee benefits liability	20	102	222	-	-
		<u>4,944</u>	<u>6,291</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade payables	21	348	1,179	-	-
Other payables	22	4,165	3,660	158	430
Amount due to a Director of a subsidiary	23	127	-	-	-
Lease liabilities	17	388	297	-	-
Borrowings	18	8,837	1,182	-	-
Contract liabilities	13	16	160	-	-
Tax payable		751	206	188	77
		<u>14,632</u>	<u>6,684</u>	<u>346</u>	<u>507</u>
Total liabilities		<u>19,576</u>	<u>12,975</u>	<u>346</u>	<u>507</u>
Total equity and liabilities		<u>100,833</u>	<u>64,240</u>	<u>51,063</u>	<u>29,290</u>

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

RAMSSOL GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	24	30,378	27,852	-	-
Cost of sales		(9,456)	(12,426)	-	-
Gross profit		20,922	15,426	-	-
Other income		211	239	53	4
Administrative expenses		(11,552)	(10,867)	(1,346)	(1,288)
Net impairment gain/(loss) on financial assets		378	(108)	(30)	(150)
Other expenses		(1,491)	(940)	-	-
Profit/(Loss) from operations		8,468	3,750	(1,323)	(1,434)
Finance costs	25	(1,279)	(398)	-	-
Profit/(Loss) before tax	26	7,189	3,352	(1,323)	(1,434)
Taxation	27	(1,189)	(256)	(445)	(166)
Profit/(Loss) for the financial year		6,000	3,096	(1,768)	(1,600)
Other comprehensive income/(loss)					
<u>Item that will not be reclassified subsequently to profit or loss</u>					
Change in fair value of other investments at fair value through other comprehensive income	9	(857)	-	(857)	-
Remeasurement of employee benefits liability	20	133	(96)	-	-
<u>Item that will be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences		(13)	74	-	-
		(737)	(22)	(857)	-
Total comprehensive income/(loss) for the financial year		5,263	3,074	(2,625)	(1,600)

RAMSSOL GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		6,261	3,787	(1,768)	(1,600)
NCI		(261)	(691)	-	-
		<u>6,000</u>	<u>3,096</u>	<u>(1,768)</u>	<u>(1,600)</u>
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company		5,506	3,778	(2,625)	(1,600)
NCI		(243)	(704)	-	-
		<u>5,263</u>	<u>3,074</u>	<u>(2,625)</u>	<u>(1,600)</u>
Earning per share:					
Basic (sen)	28	<u>2.44</u>	<u>1.68</u>		
Diluted (sen)	28	<u>1.99</u>	<u>1.68</u>		

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

RAMSSOL GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

Attributable to owners of the Company Non-distributable Distributable								
Foreign currency translation reserve								
Note	Share capital RM'000	Merge deficit RM'000	Foreign currency translation reserve RM'000	Fair value reverse RM'000	Retained earnings RM'000	Total RM'000	NCI RM'000	Total equity RM'000
Group								
At 1 January 2022	29,899	(1,074)	131	-	15,100	44,056	(3,152)	40,904
Profit/(Loss) for the financial year	-	-	-	-	3,787	3,787	(691)	3,096
Other comprehensive income/(loss):								
- foreign currency translation differences	-	-	86	-	(95)	(9)	(13)	(22)
16(b) Total comprehensive income/(loss) for the financial year	-	-	86	-	3,692	3,778	(704)	3,074
Transaction with owners:								
15 Issuance of shares	7,287	-	-	-	-	7,287	-	7,287
At 31 December 2022	37,186	(1,074)	217	-	18,792	55,121	(3,856)	51,265

RAMSSOL GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

Attributable to owners of the Company Non-Distributable Foreign currency translation reserve Distributable Fair value reverse								
Note	Share capital RM'000	Merge deficit RM'000	Foreign currency translation reserve RM'000	Fair value reverse RM'000	Retained earnings RM'000	Total RM'000	NCI RM'000	Total equity RM'000
Group (Cont'd)								
At 1 January 2023	37,186	(1,074)	217	-	18,792	55,121	(3,856)	51,265
Profit/(Loss) for the financial year	-	-	-	-	6,261	6,261	(261)	6,000
Other comprehensive (loss)/income:								
- foreign currency translation differences	16(b)	-	-	(31)	133	102	18	120
- Change in fair value of other investments at FVTOCI	16(c)	-	-	(857)	-	(857)	-	(857)
Total comprehensive income/(loss) for the financial year		-	-	(31)	6,394	5,506	(243)	5,263
Transactions with owners:								
Issuance of shares	15	25,188	-	-	-	25,188	-	25,188
Share issuance expenses		(629)	-	-	-	(629)	-	(629)
Acquisition of a subsidiary	8	-	-	-	-	-	170	170
Total transactions with owners		24,559	-	-	-	24,559	170	24,729
At 31 December 2023		61,745	(1,074)	186	(857)	25,186	(3,929)	81,257

RAMSSOL GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Note	Share capital RM'000	Accumulated losses RM'000	Fair value reserve RM'000	Total equity RM'000
Company					
At 1 January 2022		29,899	(6,803)	-	23,096
Loss for the financial year, representing total comprehensive loss for the financial year		-	(1,600)	-	(1,600)
Transactions with owners:					
Issuance of shares	15	7,287	-	-	7,287
At 31 December 2022		37,186	(8,403)	-	28,783
At 1 January 2023		37,186	(8,403)	-	28,783
Loss for the financial year		-	(1,768)	-	(1,768)
Other comprehensive loss:					
- Change in fair value of other investments at FVTOCI	16(c)	-	-	(857)	(857)
Total comprehensive loss for the financial year		-	(1,768)	(857)	(2,625)
Transactions with owners:					
Issuance of shares	15	25,188	-	-	25,188
Share issuance expenses		(629)	-	-	(629)
		24,559	-	-	24,559
At 31 December 2023		61,745	(10,171)	(857)	50,717

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

RAMSSOL GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Group		Company	
	2023	2022	2023	2022
Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit/(Loss) before tax	7,189	3,352	(1,323)	(1,434)
Adjustments for:				
(Reversal of)/Allowance for expected credit losses:				
- Trade receivables	(359)	108	-	-
- Other receivables	(19)	-	-	-
- Amount due from subsidiaries	-	-	30	150
Amortisation of intangible assets	434	236	-	-
Depreciation of property, plant and equipment	490	254	-	-
Depreciation of right-of-use assets	457	406	-	-
Depreciation of investment property	17	16	-	-
Gain on early termination of lease contracts	(1)	(25)	-	-
Gain on disposal of right-of-use assets	(27)	-	-	-
Loss on disposal of property, plant and equipment	75	-	-	-
Interest expenses	1,279	398	-	-
Interest income	(25)	(15)	(8)	(4)
Dividend income	(14)	-	(14)	-
Writeback of employee benefits	(51)	-	-	-
Provision for employee benefits	51	23	-	-
Unrealised loss on foreign exchange	18	8	-	-
Operating profit/(loss) before working capital changes	9,514	4,761	(1,315)	(1,288)
Changes in working capital:				
Contract balances	(16,547)	(2,229)	-	-
Receivables	9,273	4,370	1,319	(1,541)
Payables	(543)	395	(272)	319
Cash generated from/(used in) operations	1,697	7,297	(268)	(2,510)
Interest received	25	15	8	4
Tax paid	(635)	(170)	(334)	(89)
Net cash from/(used in) operating activities	1,087	7,142	(594)	(2,595)

RAMSSOL GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment		(256)	(1,945)	-	-
Acquisition of right-of-use assets	A	-	(30)	-	-
Additional investment in subsidiaries		-	-	(451)	(20)
Acquisition of other investments		(1,500)	(4,000)	(1,500)	(4,000)
Additions of intangible assets		(28,612)	(11,400)	-	-
Net outflow of acquisition of a subsidiary	8(a)	(217)	-	-	-
Dividend received		14	-	14	-
Proceed from disposal of right-of-use assets		150	-	-	-
Placement of cash collateral pledged with licensed banks		(146)	-	-	-
Proceed from disposal of property, plant and equipment		95	-	-	-
Net cash used in investing activities		<u>(30,472)</u>	<u>(17,375)</u>	<u>(1,937)</u>	<u>(4,020)</u>
Cash flows from financing activities					
Advances to subsidiaries		-	-	(19,589)	(2,685)
Drawdown of term loan	B	-	4,500	-	-
Interest paid		(1,279)	(398)	-	-
Proceed from issuance of share capital, net of shares issuance expenses		24,559	7,287	24,559	7,287
Placements of fixed deposits pledged with licensed banks		(1,716)	(42)	-	-
Repayment to a Director		-	(113)	-	-
Advance from a Director of a subsidiary		105	-	-	-
Repayments of flexi loans	B	(30)	(30)	-	-
Repayments of lease liabilities	B/C	(500)	(497)	-	-
Repayments of term loans	B	(1,631)	(320)	-	-
Net cash from financing activities		<u>19,508</u>	<u>10,387</u>	<u>4,970</u>	<u>4,602</u>
Net cash (decrease)/increase in cash and cash equivalents		(9,877)	154	2,439	(2,013)
Effect of foreign exchange differences		43	26	-	-
Cash and cash equivalents at the beginning of the financial year		<u>7,785</u>	<u>7,605</u>	<u>68</u>	<u>2,081</u>
Cash and cash equivalents at the end of the financial year		<u>(2,049)</u>	<u>7,785</u>	<u>2,507</u>	<u>68</u>

RAMSSOL GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and cash equivalents at the end of the financial year comprises:					
Fixed deposits	14	1,759	43	-	-
Cash and bank balances	14	6,589	8,333	2,507	68
Bank overdraft	18	(8,493)	(549)	-	-
		(145)	7,827	2,507	68
Less: Fixed deposits pledged with licensed banks	14	(1,758)	(42)	-	-
Less: Cash collateral pledged with licensed banks		(146)	-	-	-
		(2,049)	7,785	2,507	68

NOTES TO THE STATEMENTS OF CASH FLOWS

A. Acquisition of right-of-use assets

	Group	
	2023 RM'000	2022 RM'000
Total additions	707	460
Less: Acquisition through lease arrangement	(707)	(430)
	<u>-</u>	<u>30</u>

RAMSSOL GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**
NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)
B. Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Term loans RM'000	Flexi loans RM'000	Total RM'000
Group				
At 1 January 2022	675	1,743	557	2,975
Drawdown	430	4,500	-	4,930
Repayments	(497)	(320)	(30)	(847)
Early termination of lease contracts	(59)	-	-	(59)
At 31 December 2022	549	5,923	527	6,999
Acquisition of a subsidiary	105	-	-	105
Drawdown	707	-	-	707
Repayments	(500)	(1,631)	(30)	(2,161)
Early termination of lease contracts	(78)	-	-	(78)
At 31 December 2023	783	4,292	497	5,572

C. Cash outflows for leases as a lessee

		Group	
	Note	2023 RM'000	2022 RM'000
<u>Included in net cash from/(used in) operating activities:</u>			
Payment relating to short-term leases	26	163	244
Payment relating to leases of low-value assets	26	215	199
		<u>378</u>	<u>443</u>
<u>Included in net cash from financing activities:</u>			
Payment on lease liabilities		500	497
Payment on interest of lease liabilities		35	26
		<u>535</u>	<u>523</u>
		<u>913</u>	<u>966</u>

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

RAMSSOL GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023

1. Corporate information

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

The registered office of the Company was located at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur. With effect from 18 December 2023, the Company's registered office has been relocated to Level 13, Menara 1 Sentrum, 201, Jalan Tun Sambanthan, Brickfields, 50470 Kuala Lumpur.

The principal place of business of the Company is located at B-04-05, Tamarind Square, Persiaran Multimedia, Cyber 10, 63000 Cyberjaya, Selangor Darul Ehsan.

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are disclosed in Note 8 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 the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies below.

2. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysia 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
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 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 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 the Company:

		<u>Effective dates for financial periods beginning on or 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 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 MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

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

2. Basis of preparation (Cont'd)

(c) Material 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:

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Group and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

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 on 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 lease out separately under a finance lease), the Group would account for the portion 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 individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

2. Basis of preparation (Cont'd)

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

Judgements (Cont'd)

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 building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. 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.

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 regulations.

The Group recognises revenue over time in the following circumstances:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (ii) 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
- (iii) 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.

2. Basis of preparation (Cont'd)

(c) Material 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, investment property and intangible assets

The Group regularly reviews the estimated useful lives of property, plant and equipment, ROU assets, investment property and intangible assets 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, investment property and intangible assets would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets, investment property and intangible assets. The carrying amount at the reporting date for property, plant and equipment, ROU assets, investment property and intangible assets are disclosed in Notes 4, 5, 6 and 7 to the financial statements respectively.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value in use is disclosed in Note 7 to the financial statements.

Development costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of development costs is based on management’s judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. The carrying amount at the reporting date for development costs is disclosed in Note 7 to the financial statements.

2. Basis of preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Recoverability of development costs

During the financial year, the Directors considered the recoverability of the Group's development costs arising from its on-going development.

The project continues to progress in a satisfactory manner, and customer reaction has reconfirmed the Directors' previous estimates of anticipated revenue from the project. However, increased competitor activity has caused the Directors to reconsider their assumptions regarding future market share and anticipated margins of this product. Detailed sensitivity analysis has been carried out and the Directors are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods, if market activity indicates that such adjustments are appropriate. The carrying amount at the reporting date for development costs is 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, the existence of any significant financing component and any non-cash consideration in the contract.

There is no significant financing as the period between the transfer of control of good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

Revenue recognition for contracts with customers

The Group recognises certain contract revenue by reference to the progress or milestones based on the work performed or services rendered by the Group. Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation based on the contract work certified to date. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 13 to the financial statements.

2. Basis of preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost and contract assets

The Group and the Company review the recoverability of its receivables and contract assets at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions at the end of each reporting period.

The Group and the Company use a provision matrix to calculate expected credit loss for receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The carrying amounts at the reporting date for receivables and contract assets are disclosed in Notes 10, 11, 12 and 13 to the financial statements respectively.

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.

2. Basis of preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Income taxes (Cont'd)

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.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of unrecognised deferred tax assets are disclosed in Note 27 to the financial statements.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 33(c) to the financial statements regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. **Material accounting policies**

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

(a) **Basis of consolidation**

(i) Investment in subsidiary company

Investment in subsidiary company are measured in the Company's statement of financial position at cost less any impairment losses.

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 result of the combination. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity as reserve on acquisition arising from common control.

(ii) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any noncontrolling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired.

(iii) NCI

The Group recognised NCI in the acquiree by acquisition basis. The Group elects to measure the NCI in the acquiree at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

3. Material accounting policies (Cont'd)

(b) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and less 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) Depreciation

Depreciation is recognised on straight line method basis to write off the cost of each asset to its residual value over its estimated useful life. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

Freehold building	2%
Computer equipment	20% - 50%
Furniture and fittings	20% - 50%
Motor vehicles	10%
Office equipment	20% - 50%
Renovation	10% - 20%

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.

(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 on the basis of 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 and will instead account the lease and non-lease components as a single lease component.

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

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

(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 recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, no with reference to the underlying asset. If a head lease of a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

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

Office premises	Over the lease terms
Motor vehicles	10%

(d) **Investment properties**

Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

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

Freehold building	2%
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

3. Material accounting policies (Cont'd)

(e) Intangible assets

(i) Internally-generated intangible assets - research on development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

(ii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives of 5 years. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(iii) Subsequent measurement

Intangible assets with finite useful lives are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the intangible asset begins when it is complete and the asset is available for use.

3. Material accounting policies (Cont'd)

(e) Intangible assets (Cont'd)

(iii) Subsequent measurement (Cont'd)

Intangible assets are amortised based on the estimated useful lives as follows:

Development costs	4 to 5 years
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The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(f) Financial instruments

At the reporting date, the Group and the Company carry financial assets at amortised cost and fair value through other comprehensive income ("FVTOCI") on their statements of financial position. The Group's financial asset at FVTOCI is other investments and financial assets at amortised cost are trade and other receivables and fixed deposits and bank balances. The Company's financial asset at FVTOCI is other investments and financial assets at amortised cost are other receivables, amount due from subsidiaries and fixed deposits 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 trade and other payables, amount due to a Director of a subsidiary and borrowings. The Company's financial liability at amortised cost include only 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 recognises revenue from the following major sources:

(a) Rendering of services

Revenue from providing services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

For services provided and charged by on a daily basis, revenue is recognised at a point in time when the services are delivered to the customer and upon its acceptance.

(b) Sales of business software solutions

The contracts include multiple deliverables, such as provisions of software solutions, implementation of software solutions, technical support and its related installation services. However, the installation is simple, does not include an integration service and could be performed by other providers in the market. It is therefore accounted for as a separate performance obligation. The transaction price is allocated to each performance obligation based on the stand-alone selling prices.

Revenue from the installation and maintenance services of the business software solutions are recognised over time in which the services are rendered. This is determined based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. As a practical expedient, the Group recognises revenue based on the output method over the period of service. If the services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

The Group also assesses whether the sales of software license included in the contracts represent a single performance obligation that is distinct from the ongoing contractual obligations. If not distinct, the combined performance obligations are recognised over time. If the license is distinct, it is recognised separately from the other performance obligations at the time of the delivery of the licensed software.

3. Material accounting policies (Cont'd)

(g) Revenue recognition (Cont'd)

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

The Group recognises revenue from the following major sources: (Cont'd)

(c) Sales of licenses

Revenue from sale of licenses is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer 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 receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Interest income

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

(iii) Rental income

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

(iv) Dividend income

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

4. Property, plant and equipment

	Note	Freehold building RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group									
Cost									
At 1 January 2022		227	817	50	464	269	1,101	338	3,266
Additions		-	22	-	-	64	-	1,859	1,945
Written off		-	(24)	-	-	-	-	-	(24)
Foreign translation differences		-	1	#	5	#	-	-	6
At 31 December 2022		227	816	50	469	333	1,101	2,197	5,193
Acquisition of a subsidiary		-	68	-	-	32	-	-	100
Additions		-	52	2	-	123	79	-	256
Disposals		-	-	-	(224)	-	-	-	(224)
Written off		-	(14)	-	-	-	-	-	(14)
Reclassification		-	-	-	-	-	2,197	(2,197)	-
Reclassification from ROU assets	5	-	-	-	231	-	-	-	231
Foreign translation differences		-	2	-	13	1	-	-	16
At 31 December 2023		227	924	52	489	489	3,377	-	5,558
Accumulated depreciation									
At 1 January 2022		25	750	50	101	155	331	-	1,412
Charge for the financial year		5	38	#	46	55	110	-	254
Written off		-	(24)	-	-	-	-	-	(24)
Foreign translation differences		-	#	#	2	#	-	-	2
At 31 December 2022		30	764	50	149	210	441	-	1,644
Acquisition of a subsidiary		-	66	-	-	10	-	-	76
Charge for the financial year		5	39	#	35	74	337	-	490
Disposals		-	-	-	(54)	-	-	-	(54)
Written off		-	(14)	-	-	-	-	-	(14)
Reclassification from ROU assets	5	-	-	-	69	-	-	-	69
Foreign translation differences		-	2	-	6	1	-	-	9
At 31 December 2023		35	857	50	205	295	778	-	2,220
Carrying amount									
At 31 December 2023		192	67	2	284	194	2,599	-	3,338
At 31 December 2022		197	52	#	320	123	660	2,197	3,549

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

Amount less than RM1,000

The freehold building of the Group has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

5. Right-of-use assets

	Note	Office premises RM'000	Motor vehicles RM'000	Total RM'000
Group				
Cost				
At 1 January 2022		624	580	1,204
Additions		162	298	460
Early termination of a lease contract		(106)	-	(106)
At 31 December 2022		680	878	1,558
Acquisition of a subsidiary		-	124	124
Additions		707	-	707
Disposal		-	(349)	(349)
Early termination of lease contracts		(154)	-	(154)
Reclassification to property, plant and equipment	4	-	(231)	(231)
At 31 December 2023		1,233	422	1,655
Accumulated depreciation				
At 1 January 2022		184	197	381
Charge for the financial year		318	88	406
Early termination of a lease contract		(72)	-	(72)
At 31 December 2022		430	285	715
Acquisition of a subsidiary		-	12	12
Charge for the financial year		374	83	457
Disposal		-	(226)	(226)
Early termination of lease contracts		(77)	-	(77)
Reclassification to property, plant and equipment	4	-	(69)	(69)
At 31 December 2023		727	85	812
Carrying amount				
At 31 December 2023		506	337	843
At 31 December 2022		250	593	843

6. Investment property

	Group	
	2023	2022
	RM'000	RM'000
Freehold building		
Cost		
At 1 January/31 December	<u>834</u>	<u>834</u>
Accumulated depreciation		
At 1 January	99	83
Charge for the financial year	<u>17</u>	<u>16</u>
At 31 December	<u>116</u>	<u>99</u>
Carrying amount		
At 31 December	<u>718</u>	<u>735</u>
Fair value		
At 31 December	<u>985</u>	<u>926</u>

(a) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment property:

	Group	
	2023	2022
	RM'000	RM'000
Rental income	9	54
Direct operating expenses:		
- Income generating investment property	<u>37</u>	<u>36</u>

(b) Fair value of investment property

The fair value of the investment property of the Group was estimated by the Directors based on the recent transacted prices in the market of property with similar conditions and location. If the Group's investment property carried at fair value, it will classify as at Level 3 fair value item for the purpose of fair value hierarchy disclosure.

(c) The freehold building of the Group has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

7. **Intangible assets**

	Development costs RM'000	Marketing rights RM'000	Goodwill RM'000	Total RM'000
Group				
Cost				
At 1 January 2022	3,540	500	1,397	5,437
Additions through separately acquired	10,400	1,000	-	11,400
Foreign translation differences	(2)	-	-	(2)
At 31 December 2022	13,938	1,500	1,397	16,835
Acquisition of a subsidiary	-	-	223	223
Additions through separately acquired	28,612	-	-	28,612
Foreign translation differences	4	-	-	4
At 31 December 2023	42,554	1,500	1,620	45,674
Accumulated amortisation				
At 1 January 2022	98	-	-	98
Charge for the financial year	236	-	-	236
Foreign translation differences	(1)	-	-	(1)
At 31 December 2022	333	-	-	333
Charge for the financial year	434	-	-	434
Foreign translation differences	1	-	-	1
At 31 December 2023	768	-	-	768
Accumulated impairment losses				
At 1 January 2022/ 31 December 2022/31 December 2023	-	-	1,397	1,397
Carrying amount				
At 31 December 2023	41,786	1,500	223	43,509
At 31 December 2022	13,605	1,500	-	15,105

Development costs represents the costs incurred in respect of mobile application development of Lark, Rider Gate, EWA and EnGo. Marketing rights is the acquisition of an exclusive marketing rights and had indefinite useful life. The development of Lark had been completed and commercialised with a useful life of 4 years. The amortisation charges of mobile application development of Lark is recognised in statement of profit or loss and other comprehensive income under the "Other Expenses" line item. Other development costs is not amortised as they are not available for use as at the financial year end. Marketing rights is not amortised as it has indefinite useful life.

7. Intangible assets (Cont'd)

(a) Rider Gate

Rider Gate serves as a platform for trading of used motorcycles by individuals and dealers. Rider Gate is intended to provide end-to-end solutions to all parties for its future phases, including insurance, accessories, warranty, loan applications and inspection services.

Rider Gate has been soft-launched on first month of year 2024, with the first phase of the Software currently being offered to the dealers and is targeted to be made available to the public in the first quarter of year 2024.

Rider Gate is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of the cash generated units ("CGUs"). The recoverable amount of the CGUs has been determined based on value-in-use calculations using cash flows projection from forecast approved by the Group covering a five-year period.

The calculation of value-in-use for the CGUs are most sensitive to the following key assumptions:

- Discounted Free Cash Flow Forecast ("FCFF") methodology is a valuation method which considers both the time value of money and the projected net cash flow generated discounted at a specified discount rate to derive at the valuation of the subject matter. It is based on discounted cash flows, involving the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the capital contributors of a company, i.e. equity shareholders and debt capital providers. The Group believes that the 5 years forecast period together with its estimated terminal value was justified due to the long-term nature of the commercial business;
- Revenue growth rates are based on several strategies in place such as increase in number of motorcycles transactions; the anticipated annual revenue growth rate used in the cash flow budgets and plans for CGUs assumed to have increased ranged from 5% to 20% per annum;
- The growth rate used in determining the terminal value is 2% (2022: Nil) which is based on the country headline inflation rate; and
- The discount rate used are pre-tax and reflect management's estimate of the risk specific to the CGUs at the date of assessment. The average discount rate applied was 11% (2022: 10%) per annum.

The values assigned to the above key assumptions represent the Group's assessment of future trends of the business and the industry, and are based on both external and internal sources of information.

7. Intangible assets (Cont'd)

(a) Rider Gate (Cont'd)

Based on the sensitivity analysis performed, the Group believes that no reasonably possible change in base case key assumptions would cause the carrying value of the CGUs to exceed its recoverable amount. As a result of this analysis, management did not identify an impairment for this CGUs.

(b) EWA

EWA focuses on reducing employer and employee financial burden via employee financing. It provides employees with early access to their earnings to cover immediate financial needs or unexpected expenses, offering financial flexibility and reduce reliance on traditional payday loans or high-interest borrowing options.

EWA is currently under proof-of-concept stage and its targeted to commercialise in the fourth quarter of year 2024.

EWA is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of the CGUs. The recoverable amount of the CGUs has been determined based on value-in-use calculations using cash flows projection from forecast approved by the Group covering a five-year period.

The calculation of value-in-use for the CGUs are most sensitive to the following key assumptions:

- FCFF methodology is a valuation method which considers both the time value of money and the projected net cash flow generated discounted at a specified discount rate to derive at the valuation of the subject matter. It is based on discounted cash flows, involving the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the capital contributors of a company, i.e. equity shareholders and debt capital providers. The Group believes that the 5 years forecast period together with its estimated terminal value was justified due to the long-term nature of the commercial business;
- Revenue growth rates are based on several strategies in place such as increase in number of transactions per user, the anticipated annual revenue growth rate used in the cash flow budgets and plans for CGUs assumed to have increased ranged from 7% to 780% per annum;
- The growth rate used in determining the terminal value is 2% (2022: Nil) which is based on the country headline inflation rate; and
- The discount rate used are pre-tax and reflect management's estimate of the risk specific to the CGUs at the date of assessment. The average discount rate applied was 10% (2022: 10%) per annum.

7. Intangible assets (Cont'd)

(b) EWA (Cont'd)

The values assigned to the above key assumptions represent the Group's assessment of future trends of the business and the industry, and are based on both external and internal sources of information.

Based on the sensitivity analysis performed, the Group believes that no reasonably possible change in base case key assumptions would cause the carrying value of the CGUs to exceed its recoverable amount. As a result of this analysis, management did not identify an impairment for this CGUs.

(c) EnGo

EnGo serves as a platform for e-learning and is intended to focus on enforcement and compliance-related education such as corporate liability and anti-corruption courses. EnGo supports anti-corruption courses powered by Malaysia Anti-Corruption Academy. The Software is planned to include courses from other government bodies/agencies such as Royal Malaysia Police, Royal Malaysia Customs and Malaysian Inland Revenue Board, as well as intended to expand into other skills of training courses such as environmental, social and corporate governance ("ESG"), e-invoicing etc.

EnGo is targeted to commercialise in year 2024.

EnGo is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of the CGUs. The recoverable amount of the CGUs has been determined based on value-in-use calculations using cash flows projection from forecast approved by the Group covering a five-year period.

The calculation of value-in-use for the CGUs are most sensitive to the following key assumptions:

- FCFF methodology is a valuation method which used by the Group considers both the time value of money and the projected net cash flow generated discounted at a specified discount rate to derive at the valuation of the subject matter. It is based on discounted cash flows, involving the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the capital contributors of the Group. The Group believes that the 5 years forecast period together with its estimated terminal value was justified due to the long-term nature of the education business;
- Revenue growth rates are based on several strategies in place such as increase in number of participants, the anticipated annual revenue growth rate used in the cash flow budgets and plans for CGUs assumed to have increased ranged from 11.70% to 69.80% per annum;

7. Intangible assets (Cont'd)

(c) EnGo (Cont'd)

The calculation of value-in-use for the CGUs are most sensitive to the following key assumptions: (Cont'd)

- The growth rate used in determining the terminal value is 2% (2022: Nil) which is based on the country headline inflation rate; and
- The discount rate used are pre-tax and reflect management's estimate of the risk specific to the CGUs at the date of assessment. The average discount rate applied was 12% (2022: 10%) per annum.

The values assigned to the above key assumptions represent the Group's assessment of future trends of the business and the industry, and are based on both external and internal sources of information.

Based on the sensitivity analysis performed, the Group believes that no reasonably possible change in base case key assumptions would cause the carrying value of the CGUs to exceed its recoverable amount. As a result of this analysis, management did not identify an impairment for this CGUs.

(d) Marketing rights

The marketing rights enable the Group to promote co-operation in conducting the legal framework, corporate liability, corruption risk management and organisational anti-corruption plan course for an indefinite period unless and otherwise terminated by the supplier.

Marketing rights is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of the CGUs. The recoverable amount of the CGUs has been determined based on value-in-use calculations using cash flows projection from forecast approved by the Group covering a five-year period.

The calculation of value-in-use for the CGUs are most sensitive to the following key assumptions:

- FCFF methodology is a valuation method which used by the Group considers both the time value of money and the projected net cash flow generated discounted at a specified discount rate to derive at the valuation of the subject matter. It is based on discounted cash flows, involving the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the capital contributors of the Group. The Group believes that the 5 years forecast period together with its estimated terminal value was justified due to the long-term nature of the education business;

7. Intangible assets (Cont'd)

(d) Marketing rights (Cont'd)

The calculation of value-in-use for the CGUs are most sensitive to the following key assumptions: (Cont'd)

- Revenue growth rates are based on several strategies in place such as increase in number of participants, the anticipated annual revenue growth rate used in the cash flow budgets and plans for CGUs assumed to have increased ranged from 17.20% to 30.50% per annum;
- The growth rate used in determining the terminal value is 2% (2022: Nil) which is based on the country headline inflation rate; and
- The discount rate used are pre-tax and reflect management's estimate of the risk specific to the CGUs at the date of assessment. The average discount rate applied was 12% (2022: 10%) per annum.

The values assigned to the above key assumptions represent the Group's assessment of future trends of the business and the industry, and are based on both external and internal sources of information.

Based on the sensitivity analysis performed, the Group believes that no reasonably possible change in base case key assumptions would cause the carrying value of the CGUs to exceed its recoverable amount. As a result of this analysis, management did not identify an impairment for this CGUs.

(e) Goodwill

The carrying amount of goodwill allocated to the Group's CGUs are as follows:

	Group	
	2023	2022
	RM'000	RM'000
ILMSB	<u>223</u>	<u>-</u>

For the purpose of impairment testing, the recoverable amount of goodwill at the end of the financial year was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of CGUs and was based on the following assumptions:

- Pre-tax cash flow projection based on the most recent financial budgets covering a 5 (2022: Nil) years period;
- The anticipated annual revenue growth rate used in cash flow budgets and plans of CGUs are 10% (2022: Nil); and

7. Intangible assets (Cont'd)

(e) Goodwill (Cont'd)

For the purpose of impairment testing, the recoverable amount of goodwill at the end of the financial year was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of CGUs and was based on the following assumptions: (Cont'd)

- (iii) Pre-tax discount rate of 13% (2022: Nil) per annum has been applied in determining the recoverable amount of the CGUs. The discount rate was estimated based on the Group's weighted average cost of capital.

The value assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

Sensitivity to changes in assumptions

With regard to the assessment of the value-in-use of the CGUs, management believes that any changes to the key assumptions above would not result in the carrying values of the CGUs to materially exceed their recoverable amount.

8. Investment in subsidiaries

	Company	
	2023 RM'000	2022 RM'000
At cost		
Unquoted shares in Malaysia	1,784	1,333

Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2023	2022	
Rams Solutions Sdn. Bhd. ("RAMS")	Malaysia	100	100	Provision of software development and advisory services; provision of other information technology services activities not elsewhere classified; and provision of computer programming activities.

8. Investment in subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2023	2022	
Rams Edutech Sdn. Bhd. ("RESB")	Malaysia	100	100	Providing education information technology program and applications, internet of things, user interface and user experience, design and support, knowledge process outsourcing and conducting courses and seminars.
Rams Fintech Sdn. Bhd. ("RFSB")	Malaysia	100	-	Principally involved in businesses in relation to internet-related services for business of mobile application, e-commerce, administration and integration and developing and marketing of software and application and commission agency.
Rider Gate Sdn. Bhd. ("RGSB")	Malaysia	100	-	Principally engaged in the business of mobile application, electronic commerce, information systems integration.
Infinite Loop Media Sdn. Bhd. ("ILMSB") #	Malaysia	51	-	Advertising and creative solutions agency, consultant, designer, illustrators of publicity and advertisement through digital or traditional method.

Subsidiaries of RAMS

Feets Sdn. Bhd. ("FEETS")	Malaysia	51	51	Provision of internet related services in relation to the business of mobile application, electronic commerce, information systems integration and administration; provision of computer programming activities; and provision of research and development on Information Communication Technology ("ICT").
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8. Investment in subsidiaries (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2023	2022	
Subsidiaries of RAMS (Cont'd)				
Risorsa Umana Solutions Pte. Ltd. * #	Singapore	100	100	Provision of human resource consultancy services to corporate clients.
PT Rams Solutions Nusantara (“PT RAMS”) * #	Indonesia	99	99	Provision of management consulting services for enterprises.
Risorsa Umana Solutions Vietnam Company Limited #	Vietnam	100	100	Provision of management consulting services for enterprises.
Rams Solutions Co., Ltd. (“RSCL”) #	Thailand	99.9	99.9	Provision of information technology consultancy services.
Subsidiaries of FEETS				
PT Feets Tech Indo (“PT FEETS”) * #	Indonesia	51	51	Provision of internet related services in relation to the business of mobile application, electronic commerce, information systems integration and administration; provision of computer programming activities; and provision of research and development on ICT.
Feets Pte. Ltd. *	Singapore	100	100	Dormant.

* Subsidiary audited by member firms of TGS of which TGS TW PLT is a member.

Subsidiary audited by another firm of Chartered Accountants.

8. Investment in subsidiaries (Cont'd)

(a) Acquisition of a subsidiary

On 14 February 2023, the Company subscribed for 51,000 ordinary shares of ILMSB, representing 51% equity interest in ILMSB, for a total consideration of RM400,000.

Impact of the acquisition on the statements of profit or loss and other comprehensive income

From date of acquisition, the acquired subsidiary has contributed RM1,305,121 to the Group's revenue and profit before tax of RM152,756 for the current year.

If ILMSB had been acquired on 1 January 2023, revenue of the Group for the financial year 2023 would increase by RM93,003 and profit before tax will decrease by RM100,732.

The following summaries the major classes of consideration transferred, and the recognised amounts of assets acquired assumed at the acquisition date:

	28.2.2023 RM'000
Fair value of consideration	400
<u>Fair value of identifiable asset acquired assumed</u>	
Property, plant and equipment	24
Right-of-use assets	112
Trade receivables	116
Other receivables	19
Tax recoverable	22
Cash and bank balances	183
Deferred tax liabilities	(2)
Amount due to a Director of a subsidiary	(22)
Lease liabilities	(105)
Total identified net asset	347
Less: NCI	(170)
Fair value of identifiable assets acquired	177

Goodwill arising from business combination

Goodwill was recognised as a result of acquisition as follows:-

	28.2.2023 RM'000
Fair value of consideration	400
Fair value of identifiable asset acquired	(177)
Goodwill arising	223

8. Investment in subsidiaries (Cont'd)

(a) Acquisition of a subsidiary (Cont'd)

Net cash outflow arising from acquisition of a subsidiary

28.2.2023
RM'000

Fair value of consideration paid	400
Cash and cash equivalents acquired	(183)
	<u>217</u>

(b) During the financial year, the Group completed the following incorporation of companies and subscription to subsidiaries:

- (i) On 17 April 2023, the Company incorporated and subscribed 100% of the equity interest in RFSB, comprising 1,000 ordinary shares for a total consideration of RM1,000.
- (ii) On 18 October 2023, the Company incorporated and subscribed 100% of the equity interest in RGSB, comprising 20,000 ordinary shares for a total consideration of RM20,000.
- (iii) On 29 September 2023, the Company had further subscribed for 30,000 units of ordinary shares in RESB by issued 30,000 new ordinary shares of RM1 each at RM30,000 and cash consideration of RM30,000, resulting no changes in equity interest.

(c) NCI in subsidiaries

The Group's subsidiaries that have material NCI is as follows:

	Proportion of ownership interests and voting rights held by NCI		Total profit/(loss) allocated to NCI		Accumulated NCI	
	2023	2022	2023	2022	2023	2022
	%	%	RM'000	RM'000	RM'000	RM'000
FEETS Group @	49	49	(396)	(687)	(4,223)	(3,846)
RSCL	*	*	#	#	#	#
PT RAMS	1	1	30	(4)	19	(10)
ILMSB	49	-	105	-	275	-
			<u>(261)</u>	<u>(691)</u>	<u>(3,929)</u>	<u>(3,856)</u>

* Represents 0.1%

Amount less than RM1,000

@ FEETS and its subsidiaries

8. Investment in subsidiaries (Cont'd)

(c) NCI in subsidiaries (Cont'd)

Summarised financial information for each subsidiary that has NCI that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	FEETS Group		ILMSB
	2023	2022	2023
	RM'000	RM'000	RM'000
Summary of financial position			
Non-current assets	1,072	1,131	183
Current assets	58	72	762
Non-current liabilities	-	-	(86)
Current liabilities	(9,992)	(9,287)	(298)
Net (liabilities)/assets	(8,862)	(8,084)	561
NCI	(234)	(225)	-
Equity attributable to owners of the Company	(9,096)	(8,309)	561
Accumulated FEETS Group's NCI			
FEETS	(4,457)	(4,071)	-
PT FEETS	234	225	-
	(4,223)	(3,846)	-
Summary of financial performance			
Revenue	288	247	1,530
(Loss)/Profit for the financial year	(808)	(1,403)	214
Total comprehensive (loss)/income for the financial year	(769)	(1,321)	214
Summary of cash flows			
Net cash flows used in operating activities	(444)	(1,214)	(9,763)
Net cash flows used in investing activities	(261)	(800)	-
Net cash flows from financing activities	-	1,806	-
	(705)	(208)	(9,763)

Summarised financial information of NCI for RSCL and PT RAMS have not been prepared as they are not individually material to the Group.

9. Other investments

	Group and Company	
	2023	2022
	RM'000	RM'000
At FVTOCI		
Quoted shares outside Malaysia		
At beginning of the financial year	4,000	-
Addition	-	4,000
Fair value loss for the financial year	(857)	-
At end of the financial year	<u>3,143</u>	<u>4,000</u>
Unquoted shares in Malaysia		
At beginning of the financial year	-	-
Addition	1,500	-
At end of the financial year	<u>1,500</u>	<u>-</u>
	<u>4,643</u>	<u>4,000</u>

The above equity instrument was irrevocably designated at FVTOCI as the Group intends to hold for the long-term for strategic purposes. No strategic investment was disposed of during the financial year, and there was no transfer of any cumulative gain or loss within equity relating to the investment.

During the financial year, the Company recognises fair value loss of RM856,549 (2022: RMNil) for investment in quoted shares outside Malaysia which classified as FVTOCI as there were significant decline in the fair value of this investment below its cost.

The fair value of quoted investments outside Malaysia are measured based on the year end quoted prices in active market in Nasdaq.

The foreign currency exposure profile of other investments is as follows:

	Group and Company	
	2023	2022
	RM'000	RM'000
United States Dollar ("USD")	<u>3,143</u>	<u>4,000</u>

10. Trade receivables

	Group	
	2023	2022
	RM'000	RM'000
Trade receivables	16,765	23,286
Less: Allowance for expected credit losses ("ECLs")	(207)	(566)
	<u>16,558</u>	<u>22,720</u>

The Group's trade receivables are non-interest bearing and are generally on 30 to 120 days (2022: 30 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The movement in allowance for ECLs of trade receivables is as follows:

	Group	
	2023	2022
	RM'000	RM'000
At beginning of the financial year	566	458
Addition during the financial year	-	108
Reversal during the financial year	(359)	-
Foreign translation differences	#	#
At end of the financial year	<u>207</u>	<u>566</u>

Less than RM1,000

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

	Gross amount	ECLs	Net amount
	RM'000	RM'000	RM'000
Group			
2023			
Not past due	3,955	(18)	3,937
Past due:			
Less than 30 days	2,637	(18)	2,619
31 to 60 days	67	#	67
More than 90 days	10,106	(171)	9,935
	<u>16,765</u>	<u>(207)</u>	<u>16,558</u>

Less than RM1,000

10. Trade receivables (Cont'd)

The following table provide information about the exposure to credit risk and allowance for ECLs for trade receivables: (Cont'd)

	Gross amount RM'000	ECLs RM'000	Net amount RM'000
Group (Cont'd)			
2022			
Not past due	10,417	(124)	10,293
Past due:			
Less than 30 days	201	(3)	198
61 to 90 days	44	-	44
More than 90 days	12,624	(439)	12,185
	<u>23,286</u>	<u>(566)</u>	<u>22,720</u>

The foreign currency exposure profile of trade receivables is as follows:

	Group	
	2023	2022
	RM'000	RM'000
Singapore Dollars ("SGD")	21	315
Thai Baht ("THB")	371	44
USD	580	412
Indonesia Rupiah ("IDR")	<u>360</u>	<u>758</u>

11. Other receivables

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-trade receivables	2,584	3,301	-	1,542
Less: Allowance for ECLs	-	(19)	-	-
	<u>2,584</u>	<u>3,282</u>	<u>-</u>	<u>1,542</u>
Deposits	198	154	-	-
Prepayments	1,157	2,956	241	18
	<u>3,939</u>	<u>6,392</u>	<u>241</u>	<u>1,560</u>

Non-trade receivables are unsecured, non-interest bearing and repayable on demand.

11. Other receivables (Cont'd)

The movement in allowance for ECLs of non-trade receivables is as follows:

	Group	
	2023	2022
	RM'000	RM'000
At beginning of the financial year	19	19
Reversal during the financial year	(19)	-
Written off during the financial year	-	(1)
Foreign translation differences	#	1
At end of the financial year	-	19

Amount less than RM1,000

The foreign currency exposure profile of other receivables is as follows:

	Group	
	2023	2022
	RM'000	RM'000
SGD	1,288	12
THB	1,242	182
USD	-	15
IDR	5	9

12. Amount due from subsidiaries

	Company	
	2023	2022
	RM'000	RM'000
Non-trade in nature	44,188	24,599
Less: Allowance for ECLs	(2,300)	(2,270)
	41,888	22,329

Amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

12. Amount due from subsidiaries (Cont'd)

The movement in allowance for ECLs of amount due from subsidiaries is as follows:

	Company	
	2023	2022
	RM'000	RM'000
At beginning of the financial year	2,270	2,120
Addition during the financial year	30	150
At end of the financial year	<u>2,300</u>	<u>2,270</u>

13. Contract assets/liabilities

	Group	
	2023	2022
	RM'000	RM'000
<u>Contract assets</u>		
At beginning of the financial year	2,520	190
Performance obligations performed	18,930	2,520
Transfer to trade receivables	(2,520)	(190)
At end of the financial year	<u>18,930</u>	<u>2,520</u>
<u>Contract liabilities</u>		
At beginning of the financial year	160	57
Recognised as revenue	(152)	(59)
Amounts billed for unfulfilled performance obligations	8	160
Foreign translation differences	-	2
At end of the financial year	<u>16</u>	<u>160</u>

The contract assets primarily relate to the Group's right to consideration for work completed but not yet billed as at reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.

The contract liabilities primarily relate to advances received from certain customers of which the revenue will be recognised over the remaining contract term of the specific contract it relates to.

The obligations under contract liabilities to be recognised as revenue are expected to be fulfilled/recognised within one year.

14. Fixed deposits and bank balances

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed deposits	1,759	43	-	-
Cash and bank balances	6,589	8,333	2,507	68
	<u>8,348</u>	<u>8,376</u>	<u>2,507</u>	<u>68</u>

The interest rate of fixed deposits with licensed banks of the Group ranged from 2.75% to 3.05% (2022: at 2.70%) per annum. The maturity of fixed deposits of the Group ranged from 3 to 12 months (2022: 3 months)

The fixed deposit with licensed banks of the Group amounting to RM1,758,337 (2022: RM41,666) has been pledged to licensed banks as security for banking facility granted to the Company as disclosed in Note 18 to the financial statements.

The foreign currency exposure profile of fixed deposits and bank balances is as follows:

	Group	
	2023	2022
	RM'000	RM'000
SGD	99	377
THB	92	36
USD	3	19
IDR	<u>210</u>	<u>373</u>

15. Share capital

	Group and Company			
	Number of shares		Amount	
	2023	2022	2023	2022
Note	Units'000	Units'000	RM'000	RM'000
<u>Ordinary shares</u>				
Issued and fully paid up				
At beginning of the financial year	244,357	223,052	37,186	29,899
Issuance of new shares				
- Private placement	74,607	21,305	25,188	7,287
- Share issuance expenses	-	-	(629)	-
At end of the financial year	<u>318,964</u>	<u>244,357</u>	<u>61,745</u>	<u>37,186</u>

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

15. Share capital (Cont'd)

The Company increased its issued and paid-up share capital by way of:

2023

- (a) On 23 February 2023, the Company issued 1,000,000 new ordinary shares pursuant to private placement exercise at issue price of RM0.4168 per ordinary share for total consideration of RM416,800 for investment purposes.
- (b) On 18 September 2023, the Company issued 39,822,200 new ordinary shares pursuant to private placement exercise at issue price of RM0.3252 per ordinary shares for total consideration of RM12,950,179.
- (c) On 20 September 2023, the Company issued 21,362,500 new ordinary shares pursuant to private placement exercise at issue price of RM0.3745 per ordinary shares for total consideration of RM8,000,256.
- (d) On 22 December 2023, the Company issued 12,422,200 new ordinary shares pursuant to private placement exercise at issue price of RM0.3076 per ordinary shares for total consideration of RM3,821,069.

2022

- (a) issuance of 15,522,900 and 5,782,200 new ordinary shares pursuant to private placement exercise at issue price of RM0.3406 and RM0.3459 respectively per ordinary share for total consideration of RM5,287,100 and RM2,000,063 respectively for investment purposes.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

16. Reserves

- (a) Merger deficit

The merger deficit arises from the difference between the carrying value of the investment in subsidiaries and the nominal value of shares of the Company's subsidiaries upon consolidation under the merger accounting principles.

- (b) Foreign currency translation reserve

The foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currency is different from that of the Group's functional currency.

16. Reserves (Cont'd)

(c) Fair value reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of other investments designated at FVTOCI.

17. Lease liabilities

	Group	
	2023	2022
	RM'000	RM'000
Non-current	395	252
Current	388	297
	<u>783</u>	<u>549</u>

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

	Group	
	2023	2022
	RM	RM
Within 1 year	412	317
Between 1 to 5 years	412	258
	<u>824</u>	<u>575</u>
Less: Future finance charges	(41)	(26)
Present value of lease liabilities	<u>783</u>	<u>549</u>

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

18. Borrowings

	Group	
	2023	2022
	RM'000	RM'000
Secured		
Term loans	4,292	5,923
Flexi loan	497	527
Bank overdrafts	8,493	549
	<u>13,282</u>	<u>6,999</u>

18. Borrowings (Cont'd)

	Group	
	2023	2022
	RM'000	RM'000
Non-current		
- Term loans	3,964	5,304
- Flexi loan	481	513
	<u>4,445</u>	<u>5,817</u>
Current		
- Term loans	328	619
- Bank overdrafts	8,493	549
- Flexi loan	16	14
	<u>8,837</u>	<u>1,182</u>
	<u>13,282</u>	<u>6,999</u>

The term loans are secured by the following:

- Legal charges over the freehold building of the Group as disclosed in Note 4 to the financial statements;
- A joint and several guarantee by a Director and a former Director of the Company;
- Guarantee by Credit Guarantee Corporation Malaysia Berhad;
- A life insurance policy of RM750,000 is to be taken by Directors or shareholders of the Company and assigned to the Bank;
- A guarantee coverage of up to 70% on the Loan and normal interest by Syarikat Jaminan Pembiayaan Perniagaan Berhad; and
- Guarantee by the Government of Malaysia under Working Capital Guarantee Scheme.

The bank overdraft are secured by the following:

- First party/Third party individual of fixed deposit of RM1,758,337 (2022: RM41,666) together with the letter of Set-Off and interest on the fixed deposit to be capitalised and pledged as additional security;
- A joint and several guarantee by a Director and a former Director of the Company; and
- A single person guarantee by a former Director of RUSPL.

The flexi loan is secured by the following:

- Legal charges over the freehold building of the Group as disclosed in Note 6 to the financial statements; and
- A joint and several guarantee by a Director and a former Director of the Company and a former Director of RUSPL.

18. **Borrowings (Cont'd)**

The repayment terms of the borrowings are as follows:

- (i) Term loans are repayable by 60 to 240 (2022: 60 to 240) monthly instalments.
- (ii) Bank overdrafts are repayable on demand.
- (iii) Flexi loan is repayable by 240 (2022: 240) monthly instalments.

The average effective interest rates per annum of the borrowings are as follows:

	Group	
	2023	2022
	%	%
Term loans	5.00 - 10.15	3.57 - 9.90
Bank overdrafts	7.85 - 8.10	7.45 - 8.20
Flexi loan	<u>7.90 - 8.45</u>	<u>6.85 - 7.85</u>

19. **Deferred tax liabilities**

	Group	
	2023	2022
	RM'000	RM'000
At beginning of the financial years	-	-
Acquisition of a subsidiary	2	-
Recognised in profit or loss	<u>#</u>	<u>-</u>
At end of the financial years	<u>2</u>	<u>-</u>

Less than RM1,000

The components and movement of deferred tax liabilities is made up of temporary differences arising from:

	Group	
	2023	2022
	RM'000	RM'000
Property, plant and equipment	<u>2</u>	<u>-</u>

20. Employee benefits liability

	Group	
	2023	2022
	RM'000	RM'000
At beginning of the financial year	222	108
Current service costs	51	23
Writeback during the financial year	(51)	-
Remeasurement recognised in other comprehensive income	(133)	96
Foreign translation differences	13	(5)
At end of the financial year	<u>102</u>	<u>222</u>

The actuarial assumptions used in determining the employee benefits expense and liability are as follows:

	2023	2022
	%	%
Discount rate	6.90	7.25
Future salary growth rate	<u>-</u>	<u>5.00</u>

Sensitivity analysis

The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while all other assumptions remained constant.

	Core assumption	Sensitivity analysis	Effect on defined benefit liability (decrease)/increase RM'000	Effect on defined benefit liability (decrease)/increase %
Group				
2023				
Discount rate	6.90	1% increase	(5)	5
Future salary growth	-	1% increase	6	6
2022				
Discount rate	7.25	1% increase	(20)	9
Future salary growth	5.00	1% increase	24	11

20. Employee benefits liability (Cont'd)

Sensitivity analysis (Cont'd)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit liability because it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of the defined liability has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit liability recognised in the statements of financial position.

21. Trade payables

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

The foreign currency exposure profile of trade payables is as follows:

	Group	
	2023	2022
	RM'000	RM'000
SGD	75	842
THB	105	-
USD	-	23
IDR	-	206

22. Other payables

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-trade payables	2,234	2,000	41	313
Accruals	1,031	656	117	117
Deposit received	-	18	-	-
Sales and service tax payable	900	986	-	-
	<u>4,165</u>	<u>3,660</u>	<u>158</u>	<u>430</u>

22. Other payables (Cont'd)

The foreign currency exposure profile of other payables is as follows:

	Group	
	2023	2022
	RM'000	RM'000
SGD	147	195
THB	89	32
USD	50	32
IDR	20	16

23. Amount due to a Director of a subsidiary

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

24. Revenue

	Group	
	2023	2022
	RM'000	RM'000
Revenue from contracts with customers:		
<u>Recognised at a point in time</u>		
Provision of HCM and student management solutions	-	160
Provision of IT staff augmentation	-	12
Provision of HCM technology applications	228	-
Provision of IT-Related Training	-	10
	<u>228</u>	<u>182</u>
<u>Recognised over time</u>		
Provision of HCM and student management solutions	25,219	24,483
Provision of IT staff augmentation	2,357	2,922
Provision of HCM technology applications	1,390	108
Provision of IT-Related Training	39	157
Provision of IT and multimedia service	1,145	-
	<u>30,150</u>	<u>27,670</u>
	<u>30,378</u>	<u>27,852</u>

24. **Revenue (Cont'd)**

	Group	
	2023	2022
	RM'000	RM'000
Geographical market:		
Malaysia	12,323	14,667
Singapore	4,198	6,415
Indonesia	8,273	5,895
Thailand	4,776	783
Netherland	8	92
Hong Kong	300	-
Japan	500	-
	<u>30,378</u>	<u>27,852</u>

HCM - Human Capital Management

IT - Information Technology

25. **Finance costs**

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest expenses on				
- Commitment fees	2	-	-	-
- Bank overdraft	709	129	-	-
- Flexi loan	33	21	-	-
- Term loans	500	222	-	-
- Lease liabilities	35	26	-	-
	<u>1,279</u>	<u>398</u>	<u>-</u>	<u>-</u>

26. Profit/(Loss) before tax

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- TGS TW PLT				
- Current financial year	145	117	65	55
- Non audit fee	5	5	5	5
- Other auditors				
- Current financial year	161	192	-	-
- Overprovision in prior financial year	(53)	-	(53)	-
Dividend income	(14)	-	(14)	-
(Reversal of)/Allowance for ECLs:				
- Trade receivables	(359)	108	-	-
- Other receivables	(19)	-	-	-
- Amount due from subsidiaries	-	-	30	150
Amortisation of intangible assets	434	236	-	-
Depreciation of:				
- Property, plant and equipment	490	254	-	-
- Right-of-use assets	457	406	-	-
- Investment property	17	16	-	-
Gain on early termination of lease contracts	(1)	(25)	-	-
Interest income	(25)	(15)	(8)	(4)
Gain on disposal of right-of-use assets	(27)	-	-	-
Loss on disposal of property, plant and equipment	75	-	-	-
Lease expenses relating to:				
- Short-term leases (a)	163	244	-	-
- Low value assets (a)	215	199	-	-
Loss on foreign exchange:				
- Realised	(1)	13	-	-
- Unrealised	18	8	-	-
Writeback of employee benefits	(51)	-	-	-
Provision for employee benefits	51	23	-	-
Rental income	(9)	(54)	-	-
Wages subsidy (b)	-	(1)	-	-

- (a) The Group leases computers, merchant machine, printing machines and water dispensers with value not more than RM20,000. These leases are lease of low-value asset and short-term lease. The Company has elected to apply for recognition exemption for lease of low-value asset and short-term lease under MFRS 16 *Leases*.

26. Profit/(Loss) before tax (Cont'd)

- (b) The Group was entitled to a wage subsidy programme introduced by the government of Malaysia in response to the COVID-19 pandemic.

27. Taxation

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax				
Current financial year provision	1,091	150	358	100
Under provision in prior financial year	98	106	87	66
	<u>1,189</u>	<u>256</u>	<u>445</u>	<u>166</u>
Deferred tax				
Origination of temporary differences	#	-	-	-
	<u>1,189</u>	<u>256</u>	<u>445</u>	<u>166</u>

Less than RM1,000

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) before tax	<u>7,189</u>	<u>3,352</u>	<u>(1,323)</u>	<u>(1,434)</u>
At Malaysian statutory tax rate of 24% (2022: 24%)	1,725	805	(317)	(344)
Effects different tax rates in other jurisdictions	<u>(197)</u>	<u>10</u>	<u>-</u>	<u>-</u>
	1,528	815	(317)	(344)
Expenses not deductible for tax purposes	1,222	1,154	668	408
Income not subject to tax	(1,071)	(1,958)	-	-
Movement of deferred tax assets not recognised	(588)	139	7	36
Under provision of current tax in prior financial year	<u>98</u>	<u>106</u>	<u>87</u>	<u>66</u>
	<u>1,189</u>	<u>256</u>	<u>445</u>	<u>166</u>

27. Taxation (Cont'd)

The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

On 14 December 2021, RAMS has been granted a new pioneer status for 100% tax exemption on specific business activities for a period of 5 years, from 21 November 2020 to 20 November 2024.

Unrecognised deferred tax assets

The Group has unabsorbed capital allowances and unutilised business losses available for carried forward to offset against future taxable profit as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unutilised business losses	8,270	10,437	-	-
Unabsorbed capital allowances	56	55	-	-
Provision	207	585	2,300	2,270
Property, plant and equipment	(23)	(118)	-	-
	<u>8,510</u>	<u>10,959</u>	<u>2,300</u>	<u>2,270</u>

The expiry of the unabsorbed business losses is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Year of assessment 2026	-	1,090	-	-
Year of assessment 2027	628	855	-	-
Year of assessment 2029	2,684	2,695	-	-
Year of assessment 2030	636	636	-	-
Year of assessment 2031	697	697	-	-
Year of assessment 2032	2,319	3,498	-	-
Year of assessment 2033	986	966	-	-
Year of assessment 2034	320	-	-	-
	<u>8,270</u>	<u>10,437</u>	<u>-</u>	<u>-</u>

However, the above amounts are subject to approval by the tax authority.

In accordance with the provision of Finance Act 2018 in Malaysia, the unutilised business losses could be carried forward for a maximum of seven consecutive years of assessment after the expiry of the qualifying periods. Any balance of the unutilised business losses at the end of the seventh year shall be disregarded.

27. Taxation (Cont'd)

Unrecognised deferred tax assets (Cont'd)

The Finance Act 2021 in Malaysia stated that the time frame to carry forward unutilised business losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. The other temporary differences do not expire under the current tax legislation in Malaysia.

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset.

28. 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 owners of the Company and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2023	2022
	RM'000	RM'000
Profit attributable to owners of the Company	6,261	3,787
Weighted average number of ordinary shares (unit'000)	256,667	224,929
Basic earnings per ordinary share (sen)	2.44	1.68

(b) Diluted earnings per share

The diluted earnings per share has been calculated based on the adjusted consolidated earnings for the financial year attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2023	2022
	RM'000	RM'000
Profit attributable to owners of the Company	6,261	3,787
Weighted average number of ordinary shares (unit'000)	256,667	224,929
Effect of warrants	58,081	-
Weighted average number of ordinary shares in issue (unit'000) (diluted)	314,748	224,929
Diluted earnings per ordinary shares (in sen)	1.99	1.68

29. Staff costs

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and other emoluments	7,898	11,444	319	180
Defined contribution benefits	658	838	-	-
	<u>8,556</u>	<u>12,282</u>	<u>319</u>	<u>180</u>

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Fees	319	180	319	180
Salaries and other emoluments	968	1,315	-	-
Defined contribution benefits	126	197	-	-
	<u>1,413</u>	<u>1,692</u>	<u>319</u>	<u>180</u>

The key management personnel compensation included in staff costs during the financial year are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Other key management personnel		
Salaries and other emoluments	241	241
Defined contribution benefits	29	29
	<u>270</u>	<u>270</u>

The estimated monetary value of benefits-in-kind provided by the Group to the Directors of the Company were RM93,600 (2022: RM102,726).

30. **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 and 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 and the Company and the party are subject to common control. Related parties may be individuals or other entities.

(b) **Significant related party transactions**

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 entities directly or indirectly.

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

	Group	
	2023	2022
	RM'000	RM'000
Transactions with Directors of the Company:		
Rental paid	415	326
Deposit paid to	46	-
	<u>461</u>	<u>326</u>

(c) **Compensation of key management personnel**

Remuneration of Directors and other key management personnel are disclosed in Note 29 to the financial statements.

31. Segment information

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their geographical region.

The management assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such intersegment transactions are eliminated on consolidation.

No segmental analysis by business segment is prepared as the Group operates predominantly in one industry.

31. Segment information (Cont'd)

	Note	Malaysia RM'000	Singapore RM'000	Thailand RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2023								
Revenue								
External revenue		12,523	4,198	4,776	8,273	836	-	30,378
Inter-segment revenue	A	225	153	-	-	328	(706)	-
Total revenue		12,748	4,351	4,776	8,273	1,164	(706)	30,378
Results								
Interest income		23	2	#	-	#	-	25
Finance costs		(1,267)	-	-	-	(11)	(1)	(1,279)
Depreciation		(964)	-	-	-	-	-	(964)
Amortisation		(415)	-	-	-	(19)	-	(434)
Other non-cash items	B	230	-	1	(27)	33	90	327
Taxation		(760)	-	-	(429)	-	-	(1,189)
Segment (loss)/profit	C	(307)	(109)	1,393	3,283	(8)	4,191	8,443
Assets								
Capital expenditure	D	29,575	-	-	-	-	-	29,575
Segment assets	E	135,648	1,467	2,794	6,454	3	(45,540)	100,826
Liabilities								
Segment liabilities	F	70,435	848	1,899	3,694	679	(58,732)	18,823

Amount less than RM1,000

31. Segment information (Cont'd)

	Note	Malaysia RM'000	Singapore RM'000	Thailand RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2022							
Revenue							
External revenue		14,667	6,415	783	5,987	-	27,852
Inter-segment revenue	A	830	-	-	406	(1,236)	-
Total revenue		15,497	6,415	783	6,393	(1,236)	27,852
Results							
Interest income		10	1	#	4	-	15
Finance costs		(390)	-	-	(8)	-	(398)
Depreciation		(639)	-	(33)	(4)	-	(676)
Amortisation		(217)	-	-	(19)	-	(236)
Other non-cash items	B	(82)	-	(7)	(25)	-	(114)
Taxation		(256)	-	-	-	-	(256)
Segment profit/(loss)	C	2,766	81	(1,101)	(434)	2,423	3,735
Assets							
Capital expenditure	D	13,775	-	-	-	-	13,805
Segment assets	E	87,886	1,917	415	1,706	(27,684)	64,240
Liabilities							
Segment liabilities	F	44,663	1,232	921	2,750	(36,797)	12,769

Amount less than RM1,000

31. Segment information (Cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- A. Inter-segment revenues are eliminated on consolidation.
- B. Other material non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:

	2023 RM'000	2022 RM'000
Reversal of/(Allowance for) ECLs on trade receivables	359	(108)
Allowance for ECLs on other receivables	19	-
Gain on disposal of right-of-use assets	27	-
Loss on disposal of property, plant and equipment	(75)	-
Dividend income	14	-
Gain on early termination of lease contracts	1	25
Provision of employee benefits	(51)	(23)
Writeback of employee benefits	51	-
Unrealised loss on foreign exchange	(18)	(8)
	<u>327</u>	<u>(114)</u>

- C. The following items are added to/(deducted from) segment profit to arrive at profit after tax reported in the consolidated statements of profit or loss and other comprehensive income.

	2023 RM'000	2022 RM'000
Segment profit	8,443	3,735
Interest income	25	15
Finance costs	(1,279)	(398)
Taxation	(1,189)	(256)
Profit after tax	<u>6,000</u>	<u>3,096</u>

- D. Additions to non-current assets other than financial instruments consist of:

	2023 RM'000	2022 RM'000
Property, plant and equipment	256	1,945
Right-of-use assets	707	460
Intangible assets	28,612	11,400
	<u>29,575</u>	<u>13,805</u>

31. Segment information (Cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements: (Cont'd)

- E. The following items are added to segment assets to arrive at total assets reported in the consolidated statements of financial position.

	2023 RM'000	2022 RM'000
Segment assets	100,826	64,240
Tax recoverable	7	-
Total assets	<u>100,833</u>	<u>64,240</u>

- F. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position.

	2023 RM'000	2022 RM'000
Segment liabilities	18,823	12,769
Deferred tax liabilities	2	-
Tax payable	751	206
Total liabilities	<u>19,576</u>	<u>12,975</u>

Geographical information

Revenue information based on the geographical location of customers are disclosed Note 24 to the financial statements.

Non-current assets information based on the geographical location of assets are as follow:

	2023 RM'000	2022 RM'000
Malaysia	52,897	24,043
Thailand	124	142
Indonesia	30	47
	<u>53,051</u>	<u>24,232</u>

31. Segment information (Cont'd)

Major Customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

	2023	2022
	RM'000	RM'000
Customer A	-	9,036
Customer B	3,500	-
Customer C	-	4,060
Customer D	-	4,014
Customer E	3,256	3,230
	<u>3,256</u>	<u>3,230</u>

32. Capital commitments

	Group	
	2023	2022
	RM'000	RM'000
Contracted but not provided for:		
- Acquisition of development costs	-	2,400
- Renovation work-in-progress	1,257	226
	<u>1,257</u>	<u>2,626</u>

33. 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.

33. 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:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At FVTOCI				
Financial asset				
Other investments	4,643	4,000	4,643	4,000
At amortised cost				
Financial assets				
Trade receivables	16,558	22,720	-	-
Other receivables	2,782	3,436	-	1,542
Amount due from subsidiaries	-	-	41,888	22,329
Fixed deposits and bank balances	8,348	8,376	2,507	68
	<u>27,688</u>	<u>34,532</u>	<u>44,395</u>	<u>23,939</u>
	<u>32,331</u>	<u>38,532</u>	<u>49,038</u>	<u>27,939</u>
At amortised cost				
Financial liabilities				
Trade payables	348	1,179	-	-
Other payables	3,265	2,674	158	430
Amount due to a Director of a subsidiary	127	-	-	-
Borrowings	13,282	6,999	-	-
	<u>17,022</u>	<u>10,852</u>	<u>158</u>	<u>430</u>

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and 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.

33. Financial instruments (Cont'd)

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

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned 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 their contractual obligations. The Group's exposure to credit risk arises principally from trade receivables, other receivables and fixed deposits and bank balances. The Company's exposure to credit risk arises principally from the other receivables, amount due from subsidiaries and cash and bank balances. There are no significant changes as compared to prior 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 deposit with banks. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiaries and financial guarantees to financial institutions as disclosed in Note 34 to the financial statements. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

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

The gross carrying amounts of credit impaired trade receivables 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 determines 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, trade receivables 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 banks for banking facilities.

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

As at the end of the financial year, the Group has 5 (2022: 3) major customers and accounted for approximately 88% (2022: 87%) of the trade receivables outstanding.

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

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its 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 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 finances their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

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

	On demand or within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group					
2023					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Trade payables	348	-	-	348	348
Other payables	3,265	-	-	3,265	3,265
Amount due to a Director of a subsidiary	127	-	-	127	127
Lease liabilities	412	412	-	824	783
Borrowings	9,464	3,491	2,417	15,372	13,282
	<u>13,616</u>	<u>3,903</u>	<u>2,417</u>	<u>19,936</u>	<u>17,805</u>
2022					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Trade payables	1,179	-	-	1,179	1,179
Other payables	2,674	-	-	2,674	2,674
Lease liabilities	317	258	-	575	549
Borrowings	1,669	4,616	3,105	9,390	6,999
	<u>5,839</u>	<u>4,874</u>	<u>3,105</u>	<u>13,818</u>	<u>11,401</u>

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

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

	On demand or within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company					
2023					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Other payables	158	-	-	158	158
Financial guarantee *	4,500	-	-	4,500	-
2022					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Other payables	430	-	-	430	430
Financial guarantee *	4,500	-	-	4,500	-

* Based on the maximum amount that could be called for under the financial guarantee.

The Company provides financial guarantee to banks in respect of credit facilities granted to a subsidiary and monitors on an ongoing basis the performance of the 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 subsidiary defaulting on their credit facilities is remote.

33. Financial instruments (Cont'd)**(b) Financial risk management objectives and policies (Cont'd)****(iii) Market risk****(a) Foreign currency risk**

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily SGD, THB, USD and IDR.

The Group and the Company had not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group and the Company would apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in			
	SGD RM'000	THB RM'000	USD RM'000	IDR RM'000
Group				
2023				
Financial assets				
Other investments	-	-	3,143	-
Trade receivables	21	371	580	360
Other receivables	1,288	1,242	-	5
Fixed deposits and bank balances	99	92	3	210
	<u>1,408</u>	<u>1,705</u>	<u>3,726</u>	<u>575</u>
Financial liabilities				
Trade payables	(75)	(105)	-	-
Other payables	(147)	(89)	(50)	(20)
	<u>1,186</u>	<u>1,511</u>	<u>3,676</u>	<u>555</u>
Less: Denominated in respective entities' functional currency	<u>(1,186)</u>	<u>(1,511)</u>	<u>(392)</u>	<u>(555)</u>
Net exposure	<u>-</u>	<u>-</u>	<u>3,284</u>	<u>-</u>

33. Financial instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows: (Cont'd)

	Denominated in			
	SGD RM'000	THB RM'000	USD RM'000	IDR RM'000
Group (Cont'd)				
2022				
Financial assets				
Other investments	-	-	4,000	-
Trade receivables	315	44	412	758
Other receivables	12	182	15	9
Fixed deposits and bank balances	377	36	19	373
	704	262	4,446	1,140
Financial liabilities				
Trade payables	(842)	-	(23)	(206)
Other payables	(195)	(32)	(32)	(16)
	(333)	230	4,391	918
Less: Denominated in respective entities' functional currency	333	(230)	5	(918)
Net exposure	-	-	4,396	-
Company				
2023				
Other investments	-	-	3,143	-
2022				
Other investments	-	-	4,000	-

33. Financial instruments (Cont'd)**(b) Financial risk management objectives and policies (Cont'd)****(iii) Market risk (Cont'd)****(a) Foreign currency risk (Cont'd)**Foreign currency sensitivity analysis

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

	Group		Company	
	2023	2022	2023	2022
Change in currency rate	RM'000	RM'000	RM'000	RM'000
Strengthened 1% (2022: 1%)	33	44	31	40
Weakened 1% (2022: 1%)	<u>(33)</u>	<u>(44)</u>	<u>(31)</u>	<u>(40)</u>

(b) Interest rate risk

The Group's term loans and short-term borrowings are exposed to a risk of change in their fair value due to changes in interest rates.

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

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

33. Financial instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

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

	Group	
	2023	2022
	RM'000	RM'000
Fixed rate instruments		
<u>Financial asset</u>		
Fixed deposits with licensed banks	1,759	43
<u>Financial liabilities</u>		
Lease liabilities	(268)	(549)
Bank overdrafts	(8,493)	(549)
Flexi loan	(497)	(527)
	<u>(9,258)</u>	<u>(1,625)</u>
	<u>(7,499)</u>	<u>(1,582)</u>
Floating rate instrument		
<u>Financial liability</u>		
Term loans	<u>(4,292)</u>	<u>(5,923)</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flows 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 RM42,920 (2022: RM59,230), arising mainly as a result of lower/higher interest expense on floating rate borrowings. This analysis assumed that all other variables remain constant. The assumed movement in basis points for the interest rate sensitivity analysis based on the currently observable market environment.

33. Financial instruments (Cont'd)

(c) Fair value of financial instruments

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

The following table summarises the methods used in determining the fair value of financial assets on a recurring basis as at 31 December 2023 and 31 December 2022:

	Group and Company	
	2023	2022
	RM'000	RM'000
Fair value of financial instrument carried at fair value		
Level 1		
FVTOCI		
<u>Financial asset</u>		
Other investments	3,143	-
Level 3		
FVTOCI		
<u>Financial asset</u>		
Other investments	1,500	4,000

(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.

On 1 May 2023, financial assets with a cost amount of RM4,000,000 were transferred from Level 3 to Level 1 because the quoted prices are available in the active market.

(ii) Level 1 fair value

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

(iii) Level 2 fair value

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

33. Financial instruments (Cont'd)

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

(iii) Level 2 fair value (Cont'd)

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

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

34. Financial guarantee

	Company	
	2023	2022
	RM'000	RM'000
Corporate guarantee given to financial institutions for credit facilities granted to a subsidiary	4,500	4,500

35. Capital management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

35. Capital management (Cont'd)

The Group monitors capital using a gearing ratio. The Group'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:

	Group	
	2023	2022
	RM'000	RM'000
Lease liabilities	268	549
Borrowings	13,282	6,999
Less: Fixed deposits with licensed banks	(1,759)	(43)
Less: Bank balances	(6,589)	(8,333)
Net debts/(cash)	<u>5,202</u>	<u>(828)</u>
Total equity	<u>81,257</u>	<u>51,265</u>
Gearing ratio (times)	<u>0.06</u>	<u>N/A</u>

N/A - The gearing ratio might not provide a meaningful indicator of the risk of borrowings.

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

36. Significant event after the reporting date

On 15 March 2024, the Company announced that 50,000,000 options at an exercise price of RM0.45 were offered to the eligible Directors, senior management and employees.

37. 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 23 April 2024.