

**AZTI TECHNOLOGY SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401020333 (1096419 - X)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021**

**14. AMOUNTS OWING BY/(TO) SUBSIDIARIES**

	<b>The Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>Amount owing by:-</b>		
Trade balance	2,461	1,941,449
Non-trade balance	6,595,170	6,499,468
Allowance for impairment losses	(6,590,330)	(6,499,468)
	4,840	-
	7,301	1,941,449
<b>Allowance for impairment losses:-</b>		
At 1 October 2020/2019	(6,499,468)	(6,541,382)
Addition during the financial year (Note 24)	(14,719)	(17,350)
Foreign exchange difference	(76,143)	59,264
At 30 September	(6,590,330)	(6,499,468)
<b>Amount owing to:-</b>		
Trade balance	(173,588)	(155,020)
(a) The trade balances are subject to the normal trade credit terms of 60 (2020 - 60) days. The amounts owing are to be settled in cash.		
(b) The non-trade balances are unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.		

**15. SHORT-TERM INVESTMENTS**

	<b>The Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Money market funds, at fair value	5,925,776	2,625,193

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**16. FIXED DEPOSITS WITH LICENSED BANKS**

	<b>The Group</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
Fixed deposits with licensed banks:		
- pledged	3,986,272	4,797,392
Effective interest rate per annum (%)	1.30 to 1.85	1.55 to 2.75
Maturity periods (months)	1 to 12	1 to 12

**17. SHARE CAPITAL**

	<b>2021 Number Of Shares</b>	<b>The Group/The Company 2020</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>Issued and Fully Paid-Up</b>				
Ordinary Shares	2,000,000	2,000,000	2,000,000	2,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per share at the members' general meetings of the Company. The ordinary shares have no par value.

**18. FOREIGN EXCHANGE TRANSLATION RESERVE**

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

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**19. LEASE LIABILITIES**

	<b>The Group</b>		<b>The Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
At 1 October 2020/2019	299,906	607,162	83,412	149,524
COVID-19-related rent concessions (Notes 25 and 27(a)):				
- principal	(34,412)	(10,380)	(14,279)	(10,380)
- interest expense	(2,648)	(1,645)	(671)	(1,645)
Changes due to lease modification (Note 27(a))	413,148	-	-	-
Interest expense recognised in profit or loss (Notes 25 and 27(a))	33,664	45,840	6,631	11,888
Repayment of principal	(324,849)	(296,876)	(57,090)	(55,732)
Repayment of interest expense	(31,016)	(43,995)	(5,960)	(10,243)
<b>At 30 September</b>	<b>353,793</b>	<b>299,906</b>	<b>12,043</b>	<b>83,412</b>
Analysed by:-				
Current liabilities	283,329	284,881	12,043	71,389
Non-current liabilities	70,464	15,025	-	12,043
	<b>353,793</b>	<b>299,906</b>	<b>12,043</b>	<b>83,412</b>

Certain lease liabilities of the Group are secured by the Group's motor vehicles under the hire purchase arrangements as disclosed in Note 7 to the financial statements, with lease terms of 5 (2020 - 5) years and bear effective interest rates of 5.26% (2020 - 4.92% to 5.26%).

**20. TERM LOANS**

	<b>The Group</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
Current liabilities	157,392	112,539
Non-current liabilities	702,811	860,204
	<b>860,203</b>	<b>972,743</b>

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**20. TERM LOANS (CONT'D)**

(a) The interest rate profile of the term loans are summarised below:-

	Effective Interest Rate		The Group	
	2021 %	2020 %	2021 RM	2020 RM
<u>Floating rate term loan</u>				
- Term loan I	6.70	6.70	414,880	472,743
<u>Fixed rate term loan</u>				
- Term loan II	3.00	3.00	445,323	500,000
			<u>860,203</u>	<u>972,743</u>

(b) The term loans were secured by:-

(i) Term loan I

- a joint and several guarantee of RM2,000,000 by a director and a former director;
- a corporate guarantee of RM2,000,000 by the Company; and
- a 70% guarantee covered by the Government of Malaysia/Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") under the Working Capital Guarantee Scheme for RM1,400,000.

(ii) Term loan II

- a joint and several guarantee of RM500,000 by a director and a former director;
- a corporate guarantee of RM500,000 by the Company; and
- a guarantee coverage of up to 80% by SJPP.

**21. TRADE PAYABLES**

The normal trade credit terms granted to the Group ranging from 14 to 60 (2020 - 14 to 60) days.

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**22. OTHER PAYABLES AND ACCRUALS**

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Non-current</u>				
Other payables	120,141	-	-	-
<u>Current</u>				
Other payables	196,276	8,249	965	4,174
Goods and services tax payable	-	266,914	-	-
Sales and service tax payable	-	22,739	-	-
Accruals	506,814	396,301	152,985	155,872
	<u>703,090</u>	<u>694,203</u>	<u>153,950</u>	<u>160,046</u>

Included in current and non-current other payables of the Group is gratuity payment payable to a former employee amounted to RM186,648 (2020 - Nil) and RM120,141 (2020 - Nil) respectively. The gratuity payment is split into 26 tranches and to be settled in June 2023.

**23. REVENUE**

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Revenue recognised over time</u>				
Services	5,431,484	8,010,619	-	-
Licensing fee	-	-	349,565	235,161
Technical assistance	-	-	1,660,173	465,820
	<u>5,431,484</u>	<u>8,010,619</u>	<u>2,009,738</u>	<u>700,981</u>
<u>Revenue recognised at a point in time</u>				
Sales of goods	55,500	703,251	-	-
Services	450,000	154,300	-	-
	<u>505,500</u>	<u>857,551</u>	<u>-</u>	<u>-</u>
	<u>5,936,984</u>	<u>8,868,170</u>	<u>2,009,738</u>	<u>700,981</u>

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**24. (WRITEBACK OF)/NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS**

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Impairment losses:				
- amount owing by subsidiaries (Note 14)	-	-	14,719	17,350
- trade receivables (Note 11)	-	481,250	-	-
- other receivables (Note 12)	-	401,812	-	-
	-	883,062	14,719	17,350
Reversal of allowance for impairment losses on contract assets (Note 13)	-	(481,250)	-	-
Writeback of allowance for impairment losses on trade receivables (Note 11)	(481,250)	-	-	-
	<u>(481,250)</u>	<u>401,812</u>	<u>14,719</u>	<u>17,350</u>

**25. (LOSS)/PROFIT BEFORE TAXATION**

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(Loss)/Profit before taxation is arrived at after charging/ (crediting):-				
Audit fee	30,000	30,000	15,000	15,000
COVID-19-related rent concessions:				
- for the financial year (Notes 19 and 27(a))	(37,060)	(12,025)	(14,950)	(12,025)
- in the previous financial year	(29,480)	-	-	-
Depreciation:				
- equipment (Note 6)	280,034	297,131	92,551	95,992
- right-of-use assets (Note 7)	361,333	339,010	69,011	69,011

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**25. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)**

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors' non-fee emoluments:				
- salaries, allowance and other benefits	451,848	401,116	90,924	121,924
- defined contribution benefits	52,560	45,720	9,360	12,840
Impairment loss on equipment	175,269	-	175,269	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank guarantee	96,540	51,897	-	-
- bank overdrafts	629	660	-	-
- term loans	54,028	18,883	-	-
Interest expense on lease liabilities (Notes 19 and 27(a))	33,664	45,640	6,631	11,888
Inventories written down (Note 10)	74,216	-	-	-
Lease expenses:				
- short-term leases	5,248	1,248	-	-
(Gain)/Loss on foreign exchange:				
- realised	(50,287)	130,583	(76)	-
- unrealised	-	84	9,444	(2,909)
Staff costs:				
- salaries, allowances and other benefits	3,642,698	3,390,748	1,264,423	1,313,148
- defined contribution benefits	349,714	376,351	140,752	151,680
Income from short-term investments	(120,584)	(93,034)	-	-
Interest income on financial assets not at fair value through profit or loss	(85,468)	(165,299)	-	-

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**26. INCOME TAX (INCOME)/EXPENSE**

	<b>The Group</b>		<b>The Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current tax:				
- for the financial year	139,951	471,968	139,951	-
- under/(over)provision in the previous financial year	135,886	(8,041)	-	-
	<u>275,837</u>	<u>463,927</u>	<u>139,951</u>	<u>-</u>
Deferred tax assets (Note 9):				
- originating and reversal of temporary differences	(1,146,505)	790,270	-	-
	<u>(870,668)</u>	<u>1,254,197</u>	<u>139,951</u>	<u>-</u>



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**26. INCOME TAX (INCOME)/EXPENSE (CONT'D)**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
(Loss)/Profit before taxation	(1,469,878)	649,391	(143,242)	(1,678,533)
Tax at the statutory tax rate of 24% (2020 - 24%)	(352,771)	155,854	(34,378)	(402,848)
Tax effects of:-				
Non-taxable income	(41,994)	(48,494)	(432)	(15,799)
Non-deductible expenses	12,928	107,278	21,135	40,300
Deferred tax assets not recognised during the financial year	1,361,547	1,089,600	1,365,080	378,347
Unutilised of deferred tax assets previously not recognised	(1,458,222)	-	(683,412)	-
Tax-exempt income	(486,042)		(486,042)	-
Differential in tax rates	(42,000)	(42,000)	(42,000)	
Under/(Over)provision of current tax in the previous financial year:	135,886	(8,041)	-	-
Income tax income/ (expense) for the financial year	(870,668)	1,254,197	139,951	-

(a) The corporate tax rate of the Company on the first RM600,000 (2020 - RM600,000) of chargeable income is 17% (2020 - 17%). The tax rate applicable to the balance of the chargeable income is 24% (2020 - 24%). The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

(b) The current taxation of the Company is in respect of value added income pursuant to Section 21C(2A) of the Promotion of Investments Act 1986 ("PIA 1986"). Other than Section 21C(2A) of PIA 1986, the Company is not subject to tax as it has been granted the MSC Malaysia status, which qualifies the Company for the Pioneer Status incentive under the Promotion of Investments Act 1986. The Company will enjoy full exemption from income tax on its statutory income from pioneer activities for a period of 5 years, from 27 August 2015 to 26 August 2020.

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**26. INCOME TAX EXPENSE (CONT'D)**

- (b) Subsequently, the Company has obtained the approval from the Malaysian Investment Development Authority ("MIDA") on 14 December 2020 for the extension of the pioneer period from 27 August 2020 to 30 June 2021.

The further extension of pioneer period from 1 July 2021 to 26 August 2025 is subject to approval by MIDA with fulfilment of the conditions stated in the MIDA's letter dated 14 December 2020.

As at 30 June 2021, the Company does not meet the conditions stated in the MIDA's letter dated 14 December 2020, and hence not eligible for tax incentive from 1 July 2021 onwards.

- (c) Income tax savings during the financial year arising from:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Utilisation of capital allowances:				
- for the current financial year	29,063	115,492	29,063	-
- previously not recognised	59,663	122,839	59,663	-
Utilisation of pioneer losses:				
- previously not recognised	2,847,548	-	2,847,548	-

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**27. CASH FLOW INFORMATION**

(a) The reconciliations of liabilities arising from financing activities are as follows:-

	Term Loans RM	Lease Liabilities RM	Total RM
<b>The Group</b>			
<b>2021</b>			
At 1 October 2020	972,743	299,906	1,272,649
<u>Changes in Financing Cash Flows</u>			
Repayment of principal	(112,540)	(324,849)	(437,389)
Repayment of interests	(54,028)	(31,016)	(85,044)
	(166,568)	(355,865)	(522,433)
<u>Non-cash Changes</u>			
Interest expense recognised in profit or loss (Notes 19 and 25)	54,028	33,664	87,692
Modification of leases (Note 19)	-	413,148	413,148
COVID-19-related rent concessions (Notes 19 and 25):			
- principal	-	(34,412)	(34,412)
- interests	-	(2,648)	(2,648)
	54,028	409,752	463,780
At 30 September 2021	860,203	363,793	1,213,996

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**27. CASH FLOW INFORMATION (CONT'D)**

(a) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM	Lease Liabilities RM	Total RM
<b>The Group</b>			
<b>2020</b>			
At 1 October 2019	500,545	607,162	1,107,707
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	500,000	-	500,000
Repayment of principal	(27,802)	(296,876)	(324,678)
Repayment of interests	(18,883)	(43,995)	(62,878)
	453,315	(340,871)	112,444
<u>Non-cash Changes</u>			
Interest expense recognised in profit or loss (Notes 19 and 25)	18,883	45,640	64,523
COVID-19-related rent concession (Notes 19 and 25):			
- principal	-	(10,380)	(10,380)
- interests	-	(1,645)	(1,645)
	18,883	33,615	52,498
At 30 September 2020	972,743	299,906	1,272,649

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**27. CASH FLOW INFORMATION (CONT'D)**

(a) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Lease Liabilities RM
<b>The Company</b>	
<b>2021</b>	
At 1 October 2020	83,412
<u>Changes in Financing Cash Flows</u>	
Repayment of principal	(57,090)
Repayment of interests	(5,960)
	(63,050)
<u>Non-cash Changes</u>	
Interest expense recognised in profit or loss (Notes 19 and 25)	8,631
COVID-19-related rent concessions (Notes 19 and 25):	
- principal	(14,279)
- interests	(671)
	(8,319)
At 30 September 2021	<u>12,043</u>
<b>2020</b>	
At 1 October 2019	149,524
<u>Changes in Financing Cash Flows</u>	
Repayment of principal	(55,732)
Repayment of interests	(10,243)
	(65,975)
<u>Non-cash Changes</u>	
Interest expense recognised in profit or loss (Notes 19 and 25)	11,888
COVID-19-related rent concessions (Notes 19 and 25):	
- principal	(10,380)
- interests	(1,645)
	(137)
At 30 September 2020	<u>83,412</u>

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**27. CASH FLOW INFORMATION (CONT'D)**

(b) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Payment of short-term leases	5,248	1,248	-	-
Interest paid on lease liabilities	31,016	43,995	5,960	10,243
Payment of lease liabilities	324,849	296,876	57,090	55,732
	<u>361,113</u>	<u>342,119</u>	<u>63,050</u>	<u>65,975</u>

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed deposits with licensed banks	3,886,272	4,797,392	-	-
Cash and bank balances	6,544,821	578,757	2,932,711	84,352
Short-term investments	5,925,776	2,625,193	-	-
	<u>16,456,869</u>	<u>8,001,342</u>	<u>2,932,711</u>	<u>84,352</u>
Less: Fixed deposits pledged to licensed banks (Note 16)	<u>(3,986,272)</u>	<u>(4,797,392)</u>	<u>-</u>	<u>-</u>
	<u>12,470,597</u>	<u>3,203,950</u>	<u>2,932,711</u>	<u>84,352</u>

**28. CONTINGENT LIABILITIES**

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group	
	2021 RM	2020 RM
Performance guarantee given to third parties	<u>5,294,959</u>	<u>4,813,709</u>

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**29. CAPITAL COMMITMENT**

	<b>The Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Purchase of property, plant and equipment	6,317,500	-
Deposit of RM332,500 has been paid as at the date of the reporting period, as disclosed in Note 12 to the financial statements.		

**30. RELATED PARTY DISCLOSURES**

**(a) Identities of Related Parties**

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors and entities within the same group of companies.

**(b) Significant Related Party Transactions and Balances**

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following significant transactions with the related parties during the financial year:-

	<b>The Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>Subsidiaries</b>		
Advances from	-	1,783,000
Licensing fee	349,565	235,161
Technical assistance	1,660,173	465,820
Payment on behalf by	4,309,003	690,635
Payment on behalf of	19,827	69,209

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

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**31. DIVIDEND**

	<b>The Group/The Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<u>In respect of the financial year ended 30 September 2021</u>		
First interim single tier dividend of RM2.15 per ordinary share	4,300,000	-

**32. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**32.1 FINANCIAL RISK MANAGEMENT POLICIES**

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(a) Market Risk**

**(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Canadian Dollar ("CAD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-



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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure*

	United States Dollar RM	Canadian Dollar RM	Ringgit Malaysia RM	Total RM
<b>The Group</b>				
<b>2021</b>				
<u>Financial Assets</u>				
Trade receivables	-	-	3,405,361	3,405,361
Other receivables	-	-	73,636	73,636
Short-term investments	-	-	5,925,776	5,925,776
Fixed deposits with licensed banks	-	-	3,986,272	3,986,272
Cash and bank balances	11,136	5,882	6,527,803	6,544,821
	<u>11,136</u>	<u>5,882</u>	<u>19,918,848</u>	<u>19,935,866</u>
<u>Financial Liabilities</u>				
Trade payables	-	-	976,475	976,475
Other payables and accruals	-	7,324	815,907	823,231
Term loans	-	-	860,203	860,203
	<u>-</u>	<u>7,324</u>	<u>2,652,585</u>	<u>2,659,909</u>
Net financial assets/(liabilities)	11,136	(1,442)	17,266,263	17,275,957
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	-	1,442	(17,266,263)	(17,264,821)
Currency exposure	<u>11,136</u>	<u>-</u>	<u>-</u>	<u>11,136</u>

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure (Cont'd)*

	United States Dollar RM	Canadian Dollar RM	Ringgit Malaysia RM	Total RM
<b>The Group</b>				
<b>2020</b>				
<u>Financial Assets</u>				
Trade receivables	-	-	6,171,816	6,171,816
Other receivables	-	-	1,200,000	1,200,000
Short-term investments	-	-	2,625,193	2,625,193
Fixed deposits with licensed banks	-	-	4,797,392	4,797,392
Cash and bank balances	11,060	5,726	561,971	578,757
	11,060	5,726	15,356,372	15,373,158
<u>Financial Liabilities</u>				
Trade payables	-	-	1,528,215	1,528,215
Other payables and accruals	-	6,898	397,652	404,550
Dividend payables	-	-	194,000	194,000
Term loans	-	-	972,743	972,743
	-	6,898	3,092,610	3,099,508
Net financial assets/(liabilities)	11,060	(1,172)	12,263,762	12,273,650
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	-	1,172	(12,263,762)	(12,262,590)
Currency exposure	11,060	-	-	11,060

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure (Cont'd)*

	United States Dollar RM	Canadian Dollar RM	Ringgit Malaysia RM	Total RM
<b>The Company</b>				
<b>2021</b>				
<u>Financial Assets</u>				
Amount owing by subsidiaries	-	-	7,301	7,301
Cash and bank balances	11,136	-	2,921,575	2,932,711
	11,136	-	2,928,876	2,940,012
<u>Financial Liabilities</u>				
Other payables and accruals	-	-	153,950	153,950
Amount owing to subsidiaries	-	164,585	9,003	173,588
	-	164,585	162,953	327,538
Net financial assets/ (liabilities)	11,136	(164,585)	2,765,923	2,612,474
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	-	164,585	(2,765,923)	(2,601,338)
Currency exposure	11,136	-	-	11,136

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure (Cont'd)*

	United States Dollar RM	Canadian Dollar RM	Ringgit Malaysia RM	Total RM
<b>The Company</b>				
<b>2020</b>				
<u>Financial Assets</u>				
Amount owing by subsidiaries	-	-	1,941,449	1,941,449
Cash and bank balances	11,060	-	73,292	84,352
	<u>11,060</u>	<u>-</u>	<u>2,014,741</u>	<u>2,025,801</u>
<u>Financial Liabilities</u>				
Trade payables	-	-	453	453
Other payables and accruals	-	-	160,046	160,046
Amount owing to subsidiaries	-	155,020	-	155,020
Dividend payables	-	-	194,000	194,000
	<u>-</u>	<u>155,020</u>	<u>354,499</u>	<u>509,519</u>
Net financial assets/(liabilities)	11,060	(155,020)	1,660,242	1,516,282
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	-	155,020	(1,660,242)	(1,505,222)
Currency exposure	<u>11,060</u>	<u>-</u>	<u>-</u>	<u>11,060</u>

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Risk Sensitivity Analysis*

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the profit/loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed deposits with licensed banks and fixed rate term loan are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 20 to the financial statements.

*Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2021 RM	2020 RM
Effects on (Loss)/Profit After Taxation		
Increase of 100 basis points (bp)	(3,153)	(3,593)
Decrease of 100 bp	3,153	3,593

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(ii) Equity Price Risk**

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

**(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

**(i) Credit Risk Concentration Profile**

The Group's major concentration of credit risk relates to the amount owing by a customer which constituted approximately 99% of its trade receivables at the end of the reporting period.

**(ii) Exposure to Credit Risk**

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

**(ii) Assessment of Impairment Losses**

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

*Trade Receivables and Contract Assets*

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Generally, the Group considers any receivables having significant balances and more than 12 months overdue are deemed credit impaired. However, the management will assess the impairment on each receivable on a case-by-case basis based on customer's past payment track record, creditability and any settlement plan in place.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For services contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have a low risk of default as they have a strong capacity to meet their debts.

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

**(iii) Assessment of Impairment Losses (Cont'd)**

*Trade Receivables and Contract Assets (Cont'd)*

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>The Group</b>				
<b>2021</b>				
Not past due	27,750	-	-	27,750
Past due:				
- less than 3 months	-	-	-	-
- 3 to 6 months	3,377,611	-	-	3,377,611
- over 6 months	-	-	-	-
Trade receivables	3,405,361	-	-	3,405,361
Contract assets	119,216	-	-	119,216
	<b>3,524,577</b>	<b>-</b>	<b>-</b>	<b>3,524,577</b>
<b>2020</b>				
Not past due	2,189,193	-	-	2,189,193
Past due:				
- less than 3 months	3,580,893	-	-	3,580,893
- 3 to 6 months	481,250	(481,250)	-	-
- over 6 months	401,730	-	-	401,730
Trade receivables	6,653,066	(481,250)	-	6,171,816
Contract assets	8,361,532	-	-	8,361,532
	<b>15,014,598</b>	<b>(481,250)</b>	<b>-</b>	<b>14,533,348</b>

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 11 and 13 to the financial statements.



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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

**(iii) Assessment of Impairment Losses (Cont'd)**

*Other Receivables*

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

The information about the exposure to credit risk and the loss allowances calculated for other receivables are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>The Group</b>			
<b>2021</b>			
Low credit risk	73,636	-	73,636
Credit impaired	401,812	(401,812)	-
	<u>475,448</u>	<u>(401,812)</u>	<u>73,636</u>
<b>2020</b>			
Low credit risk	1,200,000	-	1,200,000
Credit impaired	401,812	(401,812)	-
	<u>1,601,812</u>	<u>(401,812)</u>	<u>1,200,000</u>

The movements in the loss allowances are disclosed in Note 12 to the financial statements.

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

**(iii) Assessment of Impairment Losses (Cont'd)**

*Fixed Deposits with Licensed Banks, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

*Amount Owed By Subsidiaries (Non-trade Balance)*

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary's loans and advances when they are payable, the Company considers the loans and advances to be in default when the holding company is not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated for the amount owing by subsidiaries are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>The Company</b>			
<b>2021</b>			
Credit impaired	6,590,330	(6,590,330)	-
<b>2020</b>			
Credit impaired	6,499,468	(6,499,468)	-

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>The Group</b>						
<b>2021</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	976,475	976,475	976,475	-	-
Other payables and accruals	-	823,231	823,231	703,090	120,141	-
Lease liabilities	7.95	353,793	373,000	301,600	71,400	-
Term loans	3.00 - 6.70	860,203	986,373	203,168	736,521	46,684
		<b>3,013,702</b>	<b>3,159,079</b>	<b>2,184,333</b>	<b>928,062</b>	<b>46,684</b>
<b>2020</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	1,528,215	1,528,215	1,528,215	-	-
Other payables and accruals	-	404,550	404,550	404,550	-	-
Dividend payables	-	194,000	194,000	194,000	-	-
Lease liabilities	4.92 - 7.95	299,906	323,176	307,176	16,000	-
Term loans	3.00 - 6.70	972,743	1,163,777	166,568	812,672	184,537
		<b>3,399,414</b>	<b>3,613,718</b>	<b>2,600,509</b>	<b>828,672</b>	<b>184,537</b>

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(c) Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
<b>The Company</b>						
<b>2021</b>						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals	-	153,950	153,950	153,950	-	-
Amount owing to subsidiaries	-	173,588	173,588	173,588	-	-
Lease liabilities	7.95	12,043	13,000	13,000	-	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	6,155,162	6,155,162	-	-
		339,581	6,495,700	6,495,700	-	-
<b>2020</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	453	453	453	-	-
Other payables and accruals	-	160,046	160,046	160,046	-	-
Amount owing to subsidiaries	-	155,020	155,020	155,020	-	-
Dividend payables	-	194,000	194,000	194,000	-	-
Lease liabilities	7.95	83,412	91,000	78,000	13,000	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	4,222,743	4,222,743	-	-
		592,931	4,823,262	4,810,262	13,000	-

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.2 CAPITAL RISK MANAGEMENT**

The Group defines capital as the total equity and debt of the Group. The objective of the Group's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its businesses and related 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.

The Group monitors and maintains a prudent level of total debt to total equity ratio to optimise shareholder value and to ensure compliance with debt covenants and regulatory, if any.

There was no change in the Group's approach to capital management during the financial year.

**32.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments (Note 15)	5,925,778	2,625,193	-	-
<u>Amortised Cost</u>				
Trade receivables (Note 11)	3,405,361	6,171,816	-	-
Other receivables (Note 12)	73,636	1,200,000	-	-
Amount owing by subsidiaries (Note 14)	-	-	7,301	1,941,449
Fixed deposits with licensed banks (Note 16)	3,986,272	4,797,392	-	-
Cash and bank balances	6,544,821	578,757	2,932,711	84,352
	<u>14,010,090</u>	<u>12,747,965</u>	<u>2,940,012</u>	<u>2,025,801</u>

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)**

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Financial Liability</b>				
<u>Amortised Cost</u>				
Trade payables (Note 21)	976,475	1,528,215	-	453
Other payables and accruals (Note 22)	823,231	404,550	153,950	160,046
Amount owing to subsidiaries (Note 14)	-	-	173,588	155,020
Dividend payables	-	194,000	-	194,000
Term loans (Note 20)	860,203	972,743	-	-
	<u>2,659,909</u>	<u>3,099,508</u>	<u>327,538</u>	<u>509,519</u>

**32.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS**

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	<u>120,584</u>	<u>93,034</u>	<u>-</u>	<u>-</u>
<u>Amortised Cost</u>				
Net gains/(losses) recognised in profit or loss	<u>135,755</u>	<u>(848,430)</u>	<u>(9,368)</u>	<u>(14,441)</u>
<b>Financial Liability</b>				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	<u>(151,197)</u>	<u>(71,440)</u>	<u>-</u>	<u>-</u>

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.5 FAIR VALUE INFORMATION**

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	RM	RM
	RM	RM	RM	RM	RM	RM		
<b>The Group</b>								
<b>2021</b>								
<u>Financial Asset</u>								
Short-term investments:								
- money market funds	5,925,776	-	-	-	-	-	5,925,776	5,925,776
<u>Financial Liability</u>								
Term loans:								
- fixed rate	-	-	-	-	404,507	-	404,507	445,323
- floating rate	-	-	-	-	414,880	-	414,880	414,880

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.5 FAIR VALUE INFORMATION (CONT'D)**

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>The Group</b>								
<b>2020</b>								
<u>Financial Asset</u>								
Short-term investments:								
- money market fund	2,625,193	-	-	-	-	-	2,625,193	2,625,193
<u>Financial Liability</u>								
Term loans:								
- fixed rate	-	-	-	-	456,987	-	456,987	500,000
- floating rate	-	-	-	-	472,743	-	472,743	472,743



**AZTI TECHNOLOGY SDN. BHD.**  
(Incorporated in Malaysia)  
Registration No: 201401020333 (1096419 - X)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021**

**32. FINANCIAL INSTRUMENTS (CONT'D)**

**32.5 FAIR VALUE INFORMATION (CONT'D)**

**(a) Fair Value of Financial Instruments Carried at Fair Value**

- (i) The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into at the reporting date.
- (ii) There were no transfers between level 1 and level 2 during the financial year.

**(b) Fair Value of Financial Instruments Not Carried at Fair Value**

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the Group's term loan that carry floating interest rates approximated its carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair values of Group's term loan that carry fixed interest rate are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2021 %	2020 %
Term loan (fixed rate)	6.70	6.70

**AZTI TECHNOLOGY SDN. BHD.**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021**

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**33. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The management has assessed the impact on the Group and of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

As at the date of authorisation of this report, the COVID-19 pandemic situation is evolving and uncertain. The Group will continue to actively monitor and manage its operations to minimise any impact arising from the COVID-19 pandemic.

**34. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD**

On 4 October 2021, AZTI Engineering (M) Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement for the purchase of a unit of three storey semi-detached industrial factory building held under individual title H.S.(D) 296642, PT 5934, Pekan Puchong Perdana, Daerah Petaling, Selangor for a total purchase consideration of RM6,650,000.

Deposit of RM332,500 has been paid as at the date of the reporting period, as disclosed in Note 12 to the financial statements.

**ATTESTED COPY**

**AZTI TECHNOLOGY SDN. BHD.**  
(Incorporated in Malaysia)

Registration No: 201401020333 (1096419 - X)

**FINANCIAL REPORT**  
for the financial year ended 30 September 2022

**AZTI TECHNOLOGY SDN. BHD.**  
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**AZTI TECHNOLOGY SDN. BHD.**

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**DIRECTOR'S REPORT**

The director hereby submit the report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2022.

**PRINCIPAL ACTIVITIES**

The Company is principally engaged in the businesses of research and development of platform safety system, business development and licensing of intellectual property rights as well as investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

**RESULTS**

	<b>The Group RM</b>	<b>The Company RM</b>
(Loss)/Profit after taxation for the financial year	<u>(1,222,153)</u>	<u>3,885,172</u>
Attributable to:- Owners of the Company	<u>(1,222,153)</u>	<u>3,885,172</u>

**DIVIDENDS**

Dividends paid or declared by the Company since 30 September 2021 are as follows:-

	<b>RM</b>
<b>Ordinary Share</b>	
<u>In respect of the financial year ended 30 September 2022</u>	
First interim single tier dividend of RM1.7755 per ordinary share, paid on 30 September 2022	<u>3,551,000</u>

**RESERVES AND PROVISIONS**

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

**ISSUES OF SHARES AND DEBENTURES**

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

**AZTI TECHNOLOGY SDN. BHD.**

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**DIRECTOR'S REPORT**

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**OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

**BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the director took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied himself that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the director is not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

**CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the director took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the director is not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

**VALUATION METHODS**

At the date of this report, the director is not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

**CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the director, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

**AZTI TECHNOLOGY SDN. BHD.**  
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## **DIRECTOR'S REPORT**

### **CHANGE OF CIRCUMSTANCES**

At the date of this report, the director is not aware of any circumstances 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.

### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the director, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the director, 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.

### **DIRECTORS**

The names of director who served during the financial year and up to the date of this report is as follows:-

Lian Wah Seng

### **DIRECTOR'S INTERESTS**

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares		
	At 1.10.2021	Bought Sold	At 30.9.2022
<b>The Company</b>			
<i>Direct Interest</i>			
Lian Wah Seng	450,000	-	450,000
<i>Indirect Interest</i>			
Lian Wah Seng	1,050,000	-	1,050,000

By virtue of his shareholdings in the Company, Lian Wah Seng is deemed to have interests in shares in the Company and its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

**AZTI TECHNOLOGY SDN. BHD.**

(Incorporated in Malaysia)

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**DIRECTOR'S REPORT**

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**DIRECTOR'S BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is 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.

**DIRECTOR'S REMUNERATION**

The details of the director's remuneration paid or payable to the director of the Company during the financial year are as follows:-

	<b>The Group RM</b>	<b>The Company RM</b>
Salaries, allowance and other benefits	406,462	75,770
Defined contribution benefits	47,400	7,800
	<u>453,862</u>	<u>83,570</u>

**INDEMNITY AND INSURANCE COST**

The Company maintains a Directors' and Officers' Liability Insurance Policy on a group basis. During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Group were RM3,000,000 and RM11,140 respectively. No indemnity was given to or insurance effected for auditors of the Company.

**SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

**SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

The significant event during the financial year is disclosed in Note 35 to the financial statements.



**AZTI TECHNOLOGY SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401020333 (1096419 - X)

**DIRECTOR'S REPORT**

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**AUDITORS**

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company for the financial year were RM38,000 and RM18,000 respectively.

Signed in accordance with a resolution of the director dated 30 March 2023.



Lian Wah Seng

**AZTI TECHNOLOGY SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401020333 (1096419 - X)

**STATEMENT BY A DIRECTOR  
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

I, Lian Wah Seng, being the sole director of AZTI Technology Sdn. Bhd., state that, in my opinion, the financial statements set out on pages 11 to 92 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 of 30 September 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the director dated 30 March 2023.



Lian Wah Seng

**STATUTORY DECLARATION  
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016**

I, Lian Wah Seng, MIA Membership Number: 17404, being the director primarily responsible for the financial management of AZTI Technology Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 11 to 92 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Lian Wah Seng, NRIC Number: 720524-10-5141  
at Kuala Lumpur  
in the Federal Territory of Kuala Lumpur  
on this **30 MAR 2023**

Before me



B-1-2, Blok B, Tingkat 1, Unit 2  
Megan Avenue II  
No 12, Jalan Yap Kwan Seng,  
60450, Kuala Lumpur



Lian Wah Seng



**Crowe Malaysia PLT**  
301800000000 (LLP0018817-LCA) & AF 1018  
Chartered Accountants  
Level 16, Tower C, Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Malaysia  
Main +6 03 2788 9999  
Fax +6 03 2788 9998  
[www.crowe.my](http://www.crowe.my)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AZTI TECHNOLOGY SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401020333 (1096419 - X)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of AZTI Technology Sdn. Bhd., which comprise the statements of financial position as at 30 September 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 92.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2022, and of their financial performance and 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.

**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 Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report 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 Directors' Report and, in doing so, consider whether the Directors' Report 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 Directors' Report, we are required to report that fact. We have nothing to report in this regard.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AZTI TECHNOLOGY SDN. BHD. (CONT'D)**  
(Incorporated in Malaysia)  
Registration No: 201401020333 (1096419 - X)

**Responsibilities of Directors for the Financial Statements**

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

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

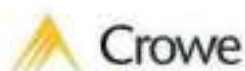
**Auditors' Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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  
AZTI TECHNOLOGY SDN. BHD. (CONT'D)**

(Incorporated in Malaysia)

Registration No: 201401020333 (1096419 - X)

**Auditors' Responsibilities for the Audit of the Financial Statements (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 or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or 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.

**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 5 to the financial statements.




**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AZTI TECHNOLOGY SDN. BHD. (CONT'D)**

(Incorporated in Malaysia)

Registration No: 201401020333 (1096419 - X)

**OTHER MATTERS**

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.

  
**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Kuala Lumpur

**30 MAR 2023**

  
**Chin Kit Seong**  
03030/01/2025 J  
Chartered Accountant

**AZTI TECHNOLOGY SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401020333 (1096419 - X)

**STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2022**

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in subsidiaries	5	-	-	2,000,000	2,000,000
Property and equipment	6	7,250,519	362,007	1,862	-
Right-of-use assets	7	147,296	346,992	80,198	11,502
Intangible assets	8	-	-	-	-
Deferred tax assets	9	826,444	927,926	744,000	-
		<u>8,224,259</u>	<u>1,636,925</u>	<u>2,826,060</u>	<u>2,011,502</u>
<b>CURRENT ASSETS</b>					
Inventories	10	-	-	-	-
Trade receivables	11	406,834	3,405,361	-	-
Other receivables, deposits and prepayments	12	615,940	722,931	62,662	42,862
Contract assets	13	-	119,216	-	3,845,558
Amount owing by subsidiaries	14	-	-	2,403,163	7,301
Short-term investments	15	26,208	5,925,776	-	-
Current tax assets		176,881	241,944	46,960	-
Fixed deposits with licensed banks	16	4,327,665	3,966,272	-	-
Cash and bank balances		<u>6,351,735</u>	<u>6,544,821</u>	<u>455,405</u>	<u>2,932,711</u>
		<u>11,905,463</u>	<u>20,946,321</u>	<u>2,968,190</u>	<u>6,828,432</u>
<b>TOTAL ASSETS</b>		<u>20,129,722</u>	<u>22,583,246</u>	<u>5,794,250</u>	<u>8,839,934</u>

**AZTI TECHNOLOGY SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401020333 (1096419 - X)

**STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2022 (CONT'D)**

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	17	2,000,000	2,000,000	2,000,000	2,000,000
Retained profits		3,513,985	8,287,138	695,880	361,708
Foreign exchange translation reserve	18	(438,955)	(238,227)	-	-
<b>TOTAL EQUITY</b>		<b>5,075,030</b>	<b>10,048,911</b>	<b>2,695,880</b>	<b>2,361,708</b>
<b>NON-CURRENT LIABILITIES</b>					
Other payable	19	-	120,141	-	-
Lease liabilities	20	12,043	70,464	12,043	-
Long-term borrowings	21	6,013,348	702,811	-	-
Deferred tax liabilities	9	-	167,236	-	-
		<b>6,025,391</b>	<b>1,060,652</b>	<b>12,043</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>					
Trade payables	24	978,719	976,475	11,161	-
Contract liabilities	13	6,974,289	9,326,362	2,686,599	6,111,610
Other payables and accruals	19	541,921	703,090	147,653	153,950
Amount owing to subsidiaries	14	-	-	169,545	173,588
Lease liabilities	20	141,833	280,347	71,369	12,043
Short-term borrowings	21	392,539	160,374	-	-
Current tax liabilities		-	27,035	-	27,035
		<b>9,029,301</b>	<b>11,473,683</b>	<b>3,086,327</b>	<b>6,478,226</b>
<b>TOTAL LIABILITIES</b>		<b>15,054,692</b>	<b>12,534,335</b>	<b>3,098,370</b>	<b>6,478,226</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,129,722</b>	<b>22,583,246</b>	<b>5,794,250</b>	<b>8,839,934</b>

The annexed notes form an integral part of these financial statements.

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**AZTI TECHNOLOGY SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401020333 (1096419 – X)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022**

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
REVENUE	25	8,427,289	5,936,984	4,679,154	2,009,738
COST OF SALES		(8,023,134)	(4,193,967)	(705,167)	(783,337)
GROSS PROFIT		2,404,155	1,743,017	3,973,987	1,246,401
OTHER INCOME		154,179	325,381	604,139	15,026
		2,558,334	2,068,398	4,578,126	1,261,427
SELLING AND MARKETING EXPENSES		(195,492)	(75,050)	(36,150)	(2,437)
ADMINISTRATIVE EXPENSES		(2,588,518)	(3,098,822)	(800,664)	(911,149)
OTHER EXPENSES		(282,793)	(743,298)	(90,065)	(469,733)
FINANCE COSTS		(148,002)	(102,356)	(11,887)	(6,631)
WRITEBACK OF/ (IMPAIRMENT LOSSES) ON FINANCIAL ASSETS	26	-	481,250	(9,961)	(14,719)
(LOSS)/PROFIT BEFORE TAXATION	27	(656,471)	(1,469,878)	3,629,399	(143,242)
TAX (EXPENSE)/INCOME	28	(565,682)	870,668	255,773	(139,951)
(LOSS)/PROFIT AFTER TAXATION		(1,222,153)	(599,210)	3,885,172	(283,193)
OTHER COMPREHENSIVE INCOME					
<u>Item that May be Reclassified Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(200,728)	(381,726)	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(1,422,881)	(980,936)	3,885,172	(283,193)

The annexed notes form an integral part of these financial statements.

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**AZTI TECHNOLOGY SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401020333 (1096419 - X)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (CONT'D)**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Company	<u>(1,222,153)</u>	<u>(599,210)</u>	<u>3,885,172</u>	<u>(283,193)</u>
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-				
Owners of the Company	<u>(1,422,881)</u>	<u>(980,936)</u>	<u>3,885,172</u>	<u>(283,193)</u>

**AZTI TECHNOLOGY SDN. BHD.**

(Incorporated in Malaysia)

Registration No: 201401020333 (1096419 - X)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022**

	Note	Share Capital RM	Retained Profits RM	Foreign Exchange Translation Reserves RM	Total Equity RM
<b>The Group</b>					
Balance at 1.10.2020		2,000,000	13,186,348	143,499	15,329,847
Loss after taxation for the financial year		-	(599,210)	-	(599,210)
Other comprehensive income for the financial year:					
- Foreign currency translation differences		-	-	(381,726)	(381,726)
Total comprehensive expenses for the financial year		-	(599,210)	(381,726)	(980,936)
Distributions to owners of the Company:					
- Dividend	33	-	(4,300,000)	-	(4,300,000)
Balance at 30.9.2021/1.10.2021		2,000,000	8,287,138	(238,227)	10,048,911
Loss after taxation for the financial year		-	(1,222,153)	-	(1,222,153)
Other comprehensive income for the financial year:					
- Foreign currency translation differences		-	-	(200,728)	(200,728)
Total comprehensive expenses for the financial year		-	(1,222,153)	(200,728)	(1,422,881)
Distributions to owners of the Company:					
- Dividend	33	-	(3,551,000)	-	(3,551,000)
Balance at 30.9.2022		2,000,000	3,513,985	(438,955)	5,075,030

The annexed notes form an integral part of these financial statements.

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**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (CONT'D)**

	Note	Share Capital RM	Retained Profits RM	Total Equity RM
<b>The Company</b>				
Balance at 1.10.2020		2,000,000	4,944,901	6,944,901
Loss after taxation/Total comprehensive expenses for the financial year		-	(283,193)	(283,193)
Distributions to owners of the Company: - Dividend	33	-	(4,300,000)	(4,300,000)
Balance at 30.9.2021/1.10.2021		2,000,000	361,708	2,361,708
Profit after taxation/Total comprehensive expenses for the financial year		-	3,885,172	3,885,172
Distributions to owners of the Company: - Dividend	33	-	(3,551,000)	(3,551,000)
Balance at 30.9.2022		2,000,000	695,880	2,695,880

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**STATEMENTS OF CASH FLOWS**

**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022**

Note	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>				
(Loss)/Profit before taxation	(656,471)	(1,469,878)	3,629,399	(143,242)
Adjustments for:-				
COVID-19 related rent concessions	(1,950)	(66,540)	(1,950)	(14,950)
Depreciation:				
- property and equipment	192,979	280,034	418	92,551
- right-of-use assets	337,178	361,333	68,786	69,011
Interest expense:				
- lease liabilities	29,183	33,664	11,887	6,631
- others	123,618	151,197	-	-
Inventories written down	-	74,216	-	-
Income from short-term investments	(84,392)	(120,584)	-	-
Interest income	(66,648)	(85,468)	-	-
Impairment losses:				
- amount owing by subsidiaries	-	-	9,961	14,719
- property and equipment	-	175,269	-	175,269
Writeback of allowance for impairment losses on trade receivables	-	(481,250)	-	-
Unrealised loss on foreign exchange	-	-	3,608	9,444
Operating (loss)/profit before working capital changes	(126,503)	(1,148,007)	3,722,109	209,433
Decrease/(increase) in contract assets	119,216	8,242,316	3,845,558	(160,492)
(Decrease)/Increase in contract liabilities	(2,352,073)	3,711,230	(3,425,011)	5,531,766
Decrease/(increase) in trade and other receivables	3,105,518	4,080,041	(19,800)	(7,431)
(Decrease)/Increase in trade and other payables	(279,066)	(613,764)	4,884	(200,549)
(Increase)/Decrease in amount owing by subsidiaries	-	-	(2,414,271)	1,914,825
(Decrease)/Increase in amount owing to subsidiaries	-	-	(4,043)	18,568
<b>CASH FROM OPERATIONS CARRIED FORWARD</b>	<b>467,092</b>	<b>14,271,816</b>	<b>1,709,406</b>	<b>7,306,120</b>

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**STATEMENTS OF CASH FLOWS**

**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (CONT'D)**

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FROM OPERATIONS</b>					
BROUGHT FORWARD		467,092	14,271,816	1,749,408	7,306,120
Tax paid		(593,408)	(616,488)	-	-
Interest paid		(10,490)	(97,169)	(562,222)	(79,862)
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>		<b>(136,806)</b>	<b>13,558,161</b>	<b>1,147,184</b>	<b>7,226,258</b>
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Repayment from/(Advances to) subsidiaries		-	-	4,840	(4,840)
(Increase)/Decrease of fixed deposits pledged with licensed banks		(341,593)	811,120	-	-
Income from short-term investments		84,392	120,584	-	-
Interest income received		66,648	85,468	-	-
Purchase of property and equipment	29(a)	(1,315,991)	(104,527)	(2,280)	(10,009)
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		<b>(1,506,544)</b>	<b>912,645</b>	<b>2,560</b>	<b>(14,849)</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>					
Dividend paid		(3,551,000)	(4,300,000)	(3,551,000)	(4,300,000)
Interest paid	29(b)	(142,251)	(85,044)	(11,827)	(5,960)
Repayment of:					
- lease liabilities	29(b)	(332,527)	(299,202)	(64,223)	(57,090)
- hire purchase payables	29(b)	(2,992)	(25,647)	-	-
- term loans	29(b)	(219,816)	(112,540)	-	-
<b>NET CASH FOR FINANCING ACTIVITIES</b>		<b>(4,248,576)</b>	<b>(4,822,433)</b>	<b>(3,627,050)</b>	<b>(4,363,050)</b>

The annexed notes form an integral part of these financial statements.

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**STATEMENTS OF CASH FLOWS**

**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (CONT'D)**

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,891,926)	9,648,373	(2,477,306)	2,848,359
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(200,728)	(381,726)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		12,470,597	3,203,850	2,932,711	84,352
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29(d)	6,377,943	12,470,597	455,405	2,932,711

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022**

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**1. GENERAL INFORMATION**

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	No. 35-10, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan.
Principal place of business	:	28, Jalan PPU 2A, Taman Perindustrian Puchong Utama, 47100 Puchong.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 March 2023.

**2. PRINCIPAL ACTIVITIES**

The Company is principally engaged in the businesses of research and development of platform safety system, business development and licensing of intellectual property rights as well as investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

**3. BASIS OF PREPARATION**

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.



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**3. BASIS OF PREPARATION (CONT'D)**

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022**

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**4. SIGNIFICANT ACCOUNTING POLICIES**

**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

*Key Source of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

**(a) Impairment of Trade Receivables and Contract Assets**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets.

**(b) Deferred Tax Assets**

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences and unused tax losses could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits.

**(c) Revenue Recognition for Services Contracts**

The Group recognises services revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

**(d) Impairment of Property and Equipment and Right-of-use Assets**

The Group determines whether an item of its property and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows.

*Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

**4.2 BASIS OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.2 BASIS OF CONSOLIDATION (CONT'D)**

**(a) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

**(b) Non-controlling Interests**

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**(c) Changes in Ownership Interests in Subsidiaries Without Change of Control**

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.2 BASIS OF CONSOLIDATION (CONT'D)**

**(d) Loss of Control**

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**4.3 FUNCTIONAL AND FOREIGN CURRENCIES**

**(a) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

**(b) Foreign Currency Transactions and Balances**

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)**

**(c) Foreign Operations**

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity, attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.4 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

**(a) Financial Assets**

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.4 FINANCIAL INSTRUMENTS (CONT'D)**

**(a) Financial Assets (Cont'd)**

*Debt Instruments*

**(i) Amortised Cost**

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

**(ii) Fair Value through Other Comprehensive Income**

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

**(iii) Fair Value through Profit or Loss**

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.



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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.4 FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial Liabilities**

**(i) Financial Liabilities at Fair Value through Profit or Loss**

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

**(ii) Other Financial Liabilities**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

**(c) Equity Instruments**

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.4 FINANCIAL INSTRUMENTS (CONT'D)**

**(d) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(e) Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.5 INVESTMENTS IN SUBSIDIARIES**

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

**4.6 PROPERTY AND EQUIPMENT**

All items of property equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on property and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Building	2%
Advertising signboard	20%
Computer and equipment	20%
Furniture and fittings	20%
Motor vehicles	20%
Office equipment	20%
Renovation	20%
Tools and equipment	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.6 PROPERTY AND EQUIPMENT (CONT'D)**

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

**4.7 INTANGIBLE ASSETS**

**(a) Research and Development Expenditure**

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

- (i) its ability to measure reliably the expenditure attributable to the asset under development;
- (ii) the product or process is technically and commercially feasible;
- (iii) its future economic benefits are probable;
- (iv) its intention to complete and the ability to use or sell the developed asset; and
- (v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 10 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.7 INTANGIBLE ASSETS (CONT'D)**

**(b) Other Intangible Assets**

Patents and trademarks and business goodwill which have indefinite useful lives are not amortised. At the end of each reporting period, the useful lives of the brand names are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the assets. Such assets are tested for impairment annually and whenever there is an indication of that they may be impaired.

Other intangible assets, other than goodwill, that are acquired by the Group, which has finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Other intangible assets are amortised on a straight-line method over their estimated useful lives from the date they are available for use. The principal annual rates used for this purpose are:-

Trade secrets and know-how	10 years
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In the event that the expected future economic benefits are no longer probable of being recovered, the other intangible assets are written down to its recoverable amount.

The amortisation method and useful life and residual value are reviewed, and adjusted if appropriate at the end of each reporting period.

**4.8 LEASES**

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.8 LEASES (CONT'D)**

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Company or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

**4.9 INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

**4.10 CONTRACT ASSET AND CONTRACT LIABILITY**

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.11 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

**4.12 IMPAIRMENT**

**(a) Impairment of Financial Assets**

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.



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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.12 IMPAIRMENT (CONT'D)**

**(b) Impairment of Non-financial Assets**

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**4.13 PROVISIONS**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.



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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.14 EMPLOYEE BENEFITS**

**(a) Short-term Benefits**

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

**(b) Defined Contribution Plans**

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

**4.15 INCOME TAXES**

**(a) Current Tax**

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

**(b) Deferred Tax**

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.15 INCOME TAXES (CONT'D)**

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

**4.16 CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

**4.17 BORROWING COSTS**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**4.18 FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.18 FAIR VALUE MEASUREMENTS (CONT'D)**

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

**4.19 REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

**(a) Rendering of Platform Intrusion Safety Services**

Revenue from services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of costs incurred for work performed to date over the estimated total costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the services are rendered 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. If the services rendered exceed the amount invoiced, a contract asset is recognised. If the amount invoiced exceeds the services rendered, a contract liability is recognised.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.19 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)**

**(b) Rendering Ancillary Services of Platform Intrusion Safety**

Revenue is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

**(c) Rendering of Technical Assistance**

Revenue from providing technical assistance is recognised over time in the period in which the services are rendered using the input method, determined by reference to the labour days incurred for work performed to date as a percentage of the estimated total labour days. Past experience is used to estimate and provide for the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the services are rendered 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. If the services rendered exceed the amount invoiced, a contract asset is recognised. If the amount invoiced exceeds the services rendered, a contract liability is recognised.

**(d) Licence Fee**

Revenue for licence fees is recognised on a straight-line basis over the length of the licensing contract.

**(e) Sales of Goods**

Revenue is recognised at a point in time when the goods have been delivered to the customer and upon its acceptance, and it is probable that the Company will collect the considerations to which it would be entitled to in exchange for the goods sold.

**4.20 OTHER INCOME**

**Interest Income**

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

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**5. INVESTMENT IN SUBSIDIARIES**

	The Company	
	2022	2021
	RM	RM
Unquoted shares:-		
At cost	2,243,632	2,243,632
Less: Accumulated impairment losses	(243,632)	(243,632)
	<u>2,000,000</u>	<u>2,000,000</u>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
AZTI Engineering (M) Sdn. Bhd.	Malaysia	100	100	Turnkey engineering designing, integrating, installation, testing, commissioning, project management, marketing and procurement, engineering services for the rail industry.
Alpha Zaicon Technology International Inc. ^	British Columbia	100	100	Intellectual property licensing.

Note:-

- ^ - The financial statements of Alpha Zaicon Technology International Inc. are unaudited as Business Corporations Act does not require the accounts to be audited.

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**6. PROPERTY AND EQUIPMENT**

	At 1.10.2021 RM	Additions RM	Impairment Losses RM	Depreciation Charges RM	At 30.9.2022 RM
<b>The Group</b>					
<b>2022</b>					
<i>Carrying Amount</i>					
Freehold land	-	5,722,169	-	-	5,722,169
Building	-	1,196,453	-	(9,970)	1,186,483
Computer and equipment	19,178	15,449	-	(8,704)	27,923
Furniture and fittings	178,867	5,500	-	(89,433)	94,934
Motor vehicles	1,167	133,245	-	(3,388)	131,024
Office equipment	30,781	6,275	-	(12,629)	24,427
Renovation	129,128	-	-	(68,066)	61,062
Tools and equipment	2,886	2,400	-	(2,789)	2,497
	<b>362,007</b>	<b>7,081,491</b>	<b>-</b>	<b>(192,979)</b>	<b>7,250,519</b>
	At 1.10.2020 RM	Additions RM	Impairment Losses RM	Depreciation Charges RM	At 30.9.2021 RM
<b>2021</b>					
<i>Carrying Amount</i>					
Advertising signboard	2,374	-	(1,092)	(1,282)	-
Computer and equipment	37,124	28,094	(23,223)	(20,817)	19,178
Furniture and fittings	306,205	55,021	(63,586)	(118,773)	178,867
Motor vehicles	20,033	-	-	(18,866)	1,167
Office equipment	45,416	15,012	(12,834)	(16,813)	30,781
Renovation	302,566	8,400	(74,534)	(107,304)	129,128
Tools and equipment	10,931	-	-	(8,045)	2,886
	<b>724,649</b>	<b>104,527</b>	<b>(175,269)</b>	<b>(291,900)</b>	<b>362,007</b>

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**6. PROPERTY AND EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Losses RM	Carrying Amount RM
<b>The Group</b>				
<b>2022</b>				
Freehold land	5,722,169	-	-	5,722,169
Building	1,196,453	(9,970)	-	1,186,483
Advertising signboard	6,408	(5,316)	(1,092)	-
Computer and equipment	253,957	(202,811)	(23,223)	27,923
Furniture and fittings	658,088	(499,568)	(63,586)	94,934
Motor vehicles	349,184	(218,160)	-	131,024
Office equipment	177,789	(140,528)	(12,834)	24,427
Renovation	540,022	(404,426)	(74,534)	61,062
Tools and equipment	57,345	(54,848)	-	2,497
	<b>8,961,415</b>	<b>(1,535,627)</b>	<b>(175,269)</b>	<b>7,250,519</b>
<b>2021</b>				
Advertising signboard	6,408	(5,316)	(1,092)	-
Computer and equipment	238,508	(196,107)	(23,223)	19,178
Furniture and fittings	652,588	(410,135)	(63,586)	178,867
Motor vehicles	215,939	(214,772)	-	1,167
Office equipment	171,514	(127,899)	(12,834)	30,781
Renovation	540,022	(336,360)	(74,534)	129,128
Tools and equipment	54,945	(52,059)	-	2,886
	<b>1,879,924</b>	<b>(1,342,648)</b>	<b>(175,269)</b>	<b>362,007</b>
	At 1.10.2021 RM	Addition RM	Depreciation Charges RM	At 30.9.2022 RM
<b>The Company</b>				
<b>2022</b>				
<i>Carrying Amount</i>				
Computer and equipment	-	2,280	(416)	1,862

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**6. PROPERTY AND EQUIPMENT (CONT'D)**

	At 1.10.2020 RM	Addition RM	Impairment Losses RM	Depreciation Charges RM	At 30.9.2021 RM
<b>The Company</b>					
<b>2021</b>					
<i>Carrying Amount</i>					
Advertising signboard	2,374	-	(1,092)	(1,282)	-
Computer and equipment	21,847	10,009	(23,223)	(8,633)	-
Furniture and fittings	98,790	-	(63,586)	(35,204)	-
Office equipment	20,328	-	(12,834)	(7,494)	-
Renovation	114,472	-	(74,534)	(39,938)	-
	<b>257,811</b>	<b>10,009</b>	<b>(175,269)</b>	<b>(92,551)</b>	<b>-</b>

	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Losses RM	Carrying Amount RM
<b>The Company</b>				
<b>2022</b>				
Advertising signboard	6,408	(5,316)	(1,092)	-
Computer and equipment	55,113	(30,028)	(23,223)	1,862
Furniture and fittings	189,550	(125,964)	(63,586)	-
Office equipment	45,525	(32,691)	(12,834)	-
Renovation	199,692	(125,158)	(74,534)	-
	<b>496,288</b>	<b>(319,157)</b>	<b>(175,269)</b>	<b>1,862</b>

<b>2021</b>				
Advertising signboard	6,408	(5,316)	(1,092)	-
Computer and equipment	52,833	(29,610)	(23,223)	-
Furniture and fittings	189,550	(125,964)	(63,586)	-
Office equipment	45,525	(32,691)	(12,834)	-
Renovation	199,692	(125,158)	(74,534)	-
	<b>494,008</b>	<b>(318,739)</b>	<b>(175,269)</b>	<b>-</b>



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**6. PROPERTY AND EQUIPMENT (CONT'D)**

The freehold land and building of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 22(b)(iii) to the financial statements.

**7. RIGHT-OF-USE ASSETS**

	At 1.10.2021 RM	Reassessment of Lease Liabilities RM	Depreciation Charges RM	At 30.9.2022 RM
<b>The Group</b>				
<b>2022</b>				
<i>Carrying Amount</i>				
Office premises	346,992	137,482	(337,178)	147,296
	At 1.10.2020 RM	Modification of Lease Liabilities RM	Depreciation Charges RM	At 30.9.2021 RM
<b>2021</b>				
<i>Carrying Amount</i>				
Office premises	256,779	439,680	(349,467)	346,992
	At 1.10.2021 RM	Reassessment of Lease Liabilities RM	Depreciation Charges RM	At 30.9.2022 RM
<b>The Company</b>				
<b>2022</b>				
<i>Carrying Amount</i>				
Office premises	11,502	137,482	(68,786)	80,198

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**7. RIGHT-OF-USE ASSETS (CONT'D)**

	At 1.10.2020 RM	Depreciation Charges RM	At 30.9.2021 RM
<b>The Company</b>			
<b>2021</b>			
<i>Carrying Amount</i>			
Office premises	80,513	(69,011)	11,502

The Group and the Company have leased office premises between 18 to 24 (2021 - 18 to 24) months and 24 (2021 - 24) months respectively.

**8. INTANGIBLE ASSETS**

	Patents and Trademark RM	Trade Secrets and Know-how RM	Business Goodwill RM	Development Cost RM	Total RM
<b>The Group</b>					
At Cost:-					
At 1.10.2020	342,114	1,710,565	1,368,451	501,800	3,922,930
Foreign exchange adjustments	21,109	105,545	84,436	-	211,090
At 30.9.2021/1.10.2021	363,223	1,816,110	1,452,887	501,800	4,134,020
Foreign exchange adjustments	10,946	54,731	43,785	-	109,462
At 30.9.2022	374,169	1,870,841	1,496,672	501,800	4,243,482
Accumulated Amortisation:-					
At 1.10.2020	-	(855,276)	-	(189,185)	(1,044,461)
Foreign exchange adjustments	-	(52,772)	-	-	(52,772)
At 30.9.2021/1.10.2021	-	(908,048)	-	(189,185)	(1,097,233)
Foreign exchange adjustments	-	(27,366)	-	-	(27,366)
At 30.9.2022	-	(935,414)	-	(189,185)	(1,124,599)

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**8. INTANGIBLE ASSETS (CONT'D)**

	Patents and Trademark RM	Trade Secrets and Know-how RM	Business Goodwill RM	Development Cost RM	Total RM
<b>The Group (Cont'd)</b>					
Accumulated Impairment Losses:-					
At 1.10.2020	(342,114)	(855,289)	(1,368,451)	(312,615)	(2,878,469)
Foreign exchange adjustments	(21,109)	(52,773)	(84,436)	-	(158,318)
At 30.9.2021/1.10.2021	(363,223)	(908,062)	(1,452,887)	(312,615)	(3,036,787)
Foreign exchange adjustments	(10,946)	(27,365)	(43,785)	-	(82,096)
At 30.9.2022	(374,169)	(935,427)	(1,496,672)	(312,615)	(3,118,883)
<b>Carrying Amount</b>					
At 30.9.2021	-	-	-	-	-
At 30.9.2022	-	-	-	-	-
				Development Cost RM	
<b>The Company</b>					
At Cost:-					
At 2022/2021				501,800	
Accumulated Amortisation:-					
At 2022/2021				(189,185)	
Accumulated Impairment Losses:-					
At 2022/2021				(312,615)	
<b>Carrying Amount</b>					
At 30.9.2021				-	
At 30.9.2022				-	

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**8. INTANGIBLE ASSETS (CONT'D)**

The development cost is in respect of the cost incurred for the development of Platform Intrusion Emergency System ("PIES").

**9. DEFERRED TAX ASSETS**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax assets	826,444	927,926	744,000	-
Deferred tax liabilities	-	(167,236)	-	-
	<u>826,444</u>	<u>760,690</u>	<u>744,000</u>	<u>-</u>

The deferred tax assets recognised at the end of the reporting period and before appropriate offsetting are as follows:-

	At 1.10.2021 RM	Recognised in Profit or Loss (Note 28) RM	At 30.9.2022 RM
<b>The Group</b>			
<b>2022</b>			
Deferred tax assets:			
- contract liabilities	1,279,940	(635,156)	644,784
- unabsorbed capital allowances	-	8,616	8,616
- unused tax losses	-	73,472	73,472
- excess of depreciation over capital allowances	-	17,128	17,128
- temporary difference on services contract	314,926	(232,482)	82,444
	<u>1,594,866</u>	<u>(768,422)</u>	<u>826,444</u>
Deferred tax liabilities:			
- deferred cost	(666,940)	666,940	-
- temporary difference on services contract	(167,236)	167,236	-
	<u>(834,176)</u>	<u>834,176</u>	<u>-</u>
	<u>760,690</u>	<u>65,754</u>	<u>826,444</u>

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**9. DEFERRED TAX ASSETS (CONT'D)**

	At 1.10.2020 RM	Recognised in Profit or Loss (Note 28) RM	At 30.9.2021 RM
<b>The Group</b>			
<b>2021</b>			
Deferred tax assets:			
- contract liabilities	-	1,279,940	1,279,940
- temporary difference on services contract	91,171	223,755	314,928
	91,171	1,503,695	1,594,868
Deferred tax liabilities:			
- deferred cost	-	(666,940)	(666,940)
- temporary difference on services contract	(476,986)	309,750	(167,236)
	(476,986)	(357,190)	(834,176)
	(385,815)	1,146,505	760,690
<b>The Company</b>			
<b>2022</b>			
Deferred tax assets:			
- contract liabilities	-	644,784	644,784
- unabsorbed capital allowances	-	8,616	8,616
- unutilised tax losses	-	73,472	73,472
- excess of depreciation over capital allowances	-	17,128	17,128
	-	744,000	744,000

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**9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Contract liabilities	6,630,773	8,792,695	-	6,111,610
Deferred cost	(2,686,800)	-	-	-
Impairment loss:				
- trade receivables	-	577,604	-	-
- inventories	74,216	74,216	-	-
Lease liabilities	83,121	6,801	-	541
Unabsorbed capital allowances	130,279	-	-	-
Unused tax losses:				
- expires in year of assessment 2032	5,649,137	-	-	-
Accelerated of capital allowances over depreciation	(57,462)	-	-	-
Excess of depreciation over capital allowances	-	114,804	-	105,024
	<u>9,823,484</u>	<u>9,566,120</u>	<u>-</u>	<u>6,217,175</u>

No deferred tax assets are recognised in respect of these items as it is not probable that future taxable profits of a subsidiary will be available against which the deductible temporary differences can be utilised.

The unused tax losses are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment, whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

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**10. INVENTORIES**

	The Group	
	2022 RM	2021 RM
Spare parts	-	-
Recognised in profit or loss:- Inventories written down	-	74,216

**11. TRADE RECEIVABLES**

	The Group	
	2022 RM	2021 RM
Trade receivables	406,834	3,405,361
Allowance for impairment losses:- At 1 October 2021/2020	-	(481,250)
Writeback during the financial year (Note 26)	-	481,250
At 30 September	-	-

The Group's normal credit terms ranging from 30 to 101 (2021 - 30 to 101) days. Other credit terms are assessed and approved on a case-by-case basis.

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**12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	-	475,448	-	-
Allowance for impairment losses	-	(401,812)	-	-
	-	73,636	-	-
Goods and services tax receivable	5,432	4,240	-	-
Deposits	271,036	480,756	19,500	19,500
Prepayments	339,472	164,299	43,162	23,362
	<u>615,940</u>	<u>722,931</u>	<u>62,662</u>	<u>42,862</u>
Allowance for impairment losses:-				
At 1 October 2021/2020	(401,812)	(401,812)	-	-
Written off during the financial year	401,812	-	-	-
At 30 September	<u>-</u>	<u>(401,812)</u>	<u>-</u>	<u>-</u>

In the previous financial year, included in deposits of the Group is an amount of RM332,500 related to deposits paid for the purchase of a property as disclosed in Note 35 to the financial statements. The deposit has been set off against the purchase price of the Group's property and equipment in the current financial year.

**13. CONTRACT ASSETS/(LIABILITIES)**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Contract Assets</b>				
Contract assets relating to service contracts	<u>-</u>	<u>119,216</u>	<u>-</u>	<u>3,845,558</u>
<b>Contract Liabilities</b>				
Contract liabilities relating to service contracts	<u>(6,974,289)</u>	<u>(9,326,362)</u>	<u>(2,686,599)</u>	<u>(6,111,610)</u>



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**13. CONTRACT ASSETS/(LIABILITIES) (CONT'D)**

- (a) In the previous financial year, the contract assets primarily relate to the Group's and Company's right to consideration for services rendered completed on service contracts but not yet billed as at the reporting date. The amount will be invoiced within 1 year.
- (b) The contract liabilities primarily relate to advance billing to a customer for the rendering of services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to within 2 (2021 - 3) years.
- (c) The changes to contract asset and contract liability balances during the financial year are summarised below:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 October 2021/2020	(9,207,146)	2,746,400	(2,266,052)	3,105,222
Revenue recognised in profit or loss during the financial year	8,427,289	5,431,484	4,679,154	2,009,738
Billings to customers during the financial year	(6,194,432)	(17,385,030)	(5,099,701)	(7,381,012)
At 30 September	<u>(6,974,289)</u>	<u>(9,207,146)</u>	<u>(2,686,599)</u>	<u>(2,266,052)</u>
Represented by:-				
Contract assets	-	119,216	-	3,845,558
Contract liabilities	<u>(6,974,289)</u>	<u>(9,326,362)</u>	<u>(2,686,599)</u>	<u>(6,111,610)</u>
	<u>(6,974,289)</u>	<u>(9,207,146)</u>	<u>(2,686,599)</u>	<u>(2,266,052)</u>

- (d) The following table summarises contract price allocated to unsatisfied performance obligations resulting from contracts with customers:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Services contracts with remaining contract periods	<u>19,290,789</u>	<u>27,718,076</u>	<u>5,929,771</u>	<u>10,291,219</u>

The Group and the Company will recognise this revenue when the performance obligation is completed, which is expected to occur within 1 to 2 (2021 - 1 to 3) years.

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**14. AMOUNTS OWING BY/(TO) SUBSIDIARIES**

	<b>The Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Amount owing by:-</b>		
Trade balance	2,403,163	2,461
Non-trade balance	7,249,463	6,595,170
Allowance for impairment losses	(7,249,463)	(6,590,330)
	-	4,840
	<u>2,403,163</u>	<u>7,301</u>
<b>Allowance for impairment losses:-</b>		
At 1 October 2021/2020	(6,590,330)	(6,499,468)
Addition during the financial year (Note 26)	(9,961)	(14,719)
Foreign exchange difference	(649,172)	(76,143)
At 30 September	<u>(7,249,463)</u>	<u>(6,590,330)</u>
<b>Amount owing to:-</b>		
Trade balance	<u>(169,545)</u>	<u>(173,588)</u>

- (a) The trade balances are subject to the normal trade credit terms of 60 (2021 - 60) days. The amounts owing are to be settled in cash.
- (b) The non-trade balances are unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

**15. SHORT-TERM INVESTMENTS**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Money market funds, at fair value	<u>26,208</u>	<u>5,925,776</u>

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**16. FIXED DEPOSITS WITH LICENSED BANKS**

	The Group	
	2022 RM	2021 RM
Fixed deposits with licensed banks: - pledged	4,327,865	3,986,272
Effective interest rate per annum (%)	1.30 to 2.60	1.30 to 1.85
Maturity periods (months)	1 to 12	1 to 12

**17. SHARE CAPITAL**

	2022 Number Of Shares	The Group/The Company		2021 RM
		2021	2022 RM	
<b>Issued and Fully Paid-Up</b>				
Ordinary Shares	2,000,000	2,000,000	2,000,000	2,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per share at the members' general meetings of the Company. The ordinary shares have no par value.

**18. FOREIGN EXCHANGE TRANSLATION RESERVE**

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

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**19. OTHER PAYABLES AND ACCRUALS**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Non-current</u>				
Other payable	-	120,141	-	-
<u>Current</u>				
Other payables	133,567	196,276	2,210	965
Accruals	408,354	506,814	145,443	152,985
	<u>541,921</u>	<u>703,090</u>	<u>147,653</u>	<u>153,950</u>

Included in current and non-current other payables of the Group is gratuity payment payable to a former employee amounted to RM120,141 (2021 - RM186,648) and Nil (2021 - RM120,141) respectively. The gratuity payment is split into 26 tranches and to be settled in June 2023.

**20. LEASE LIABILITIES**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 October 2021/2020	350,811	271,277	12,043	83,412
COVID-19-related rent concessions (Notes 27 and 29(b)):				
- principal	(1,890)	(34,412)	(1,890)	(14,279)
- interest expense	(60)	(2,648)	(60)	(671)
Changes due to reassessment of lease term (Note 29(b))	137,482	-	137,482	-
Changes due to lease modification (Note 29(b))	-	413,148	-	-
Interest expense recognised in profit or loss (Note 27)	29,183	32,935	11,887	6,631
Repayment of principal	(332,527)	(299,202)	(64,223)	(57,090)
Repayment of interest expense	(29,123)	(30,287)	(11,827)	(5,960)
At 30 September	<u>153,876</u>	<u>350,811</u>	<u>83,412</u>	<u>12,043</u>

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**20. LEASE LIABILITIES (CONT'D)**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Analysed by:-				
Current liabilities	141,833	280,347	71,369	12,043
Non-current liabilities	12,043	70,464	12,043	-
	<u>153,876</u>	<u>350,811</u>	<u>83,412</u>	<u>12,043</u>

**21. BORROWINGS**

	The Group	
	2022 RM	2021 RM
<u>Non-current</u>		
Term loans (Note 22)	5,920,117	702,811
Hire purchase payables (Note 23)	93,231	-
	<u>6,013,348</u>	<u>702,811</u>
<u>Current</u>		
Term loans (Note 22)	372,770	157,392
Hire purchase payables (Note 23)	19,769	2,982
	<u>392,539</u>	<u>160,374</u>
	<u>6,405,887</u>	<u>863,185</u>

**22. TERM LOANS**

	The Group	
	2022 RM	2021 RM
Current liabilities (Note 21)	372,770	157,392
Non-current liabilities (Note 21)	5,920,117	702,811
	<u>6,292,887</u>	<u>860,203</u>

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**22. TERM LOANS (CONT'D)**

(a) The interest rate profile of the term loans are summarised below:-

	Effective Interest Rate		The Group	
	2022 %	2021 %	2022 RM	2021 RM
<u>Floating rate term loans</u>				
- Term loan I	7.20	6.70	360,815	414,880
- Term loan III	3.75	-	5,581,507	-
			<u>5,942,322</u>	<u>414,880</u>
<u>Fixed rate term loan</u>				
- Term loan II	3.00	3.00	350,565	445,323
			<u>6,292,887</u>	<u>860,203</u>

(b) The term loans were secured by:-

(i) Term loan I

- a joint and several guarantee of RM2,000,000 of a director of the subsidiary;
- a corporate guarantee of RM2,000,000 of the Company; and
- a 70% guarantee covered by the Government of Malaysia/Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") under the Working Capital Guarantee Scheme for RM1,225,338.

(ii) Term loan II

- a joint and several guarantee of RM500,000 of a director of the subsidiary;
- a corporate guarantee of RM500,000 of the Company; and
- a guarantee coverage of up to 80% by SJPP.

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**22. TERM LOANS (CONT'D)**

(b) The term loans were secured by (Cont'd):-

(iii) Term loan iii

- property and equipment of the Group as disclosed in Note 6 to the financial statements;
- a personal guarantee of RM5,652,500 by a director of the subsidiary; and
- a corporate guarantee of RM5,652,500 by the Company.

**23. HIRE PURCHASE PAYABLES**

	The Group	
	2022 RM	2021 RM
Minimum hire purchase payments:		
- not later than 1 year	26,478	3,000
- later than 1 year and not later than 5 years	106,128	-
	132,606	3,000
Less: Future finance charges	(19,606)	(18)
Present value of hire purchase payables	113,000	2,982
Analysed by:-		
Current liabilities (Note 21)	19,769	2,982
Non-current liabilities (Note 21)	93,231	-
	113,000	2,982

The hire purchase payables bore effective interest rates of 6.48% (2021 - 5.26%) per annum at the end of the reporting period.

**24. TRADE PAYABLES**

The normal trade credit terms granted to the Group ranging from 14 to 60 (2021 - 14 to 60) days.

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**25. REVENUE**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Revenue from Contracts with Customers</b>				
<u>Recognised over time</u>				
Services	8,427,289	5,431,484	-	-
Licensing fee	-	-	4,034,884	349,565
Technical assistance	-	-	644,270	1,860,173
Project income	-	-	-	-
	8,427,289	5,431,484	4,679,154	2,009,738
<u>Recognised at a point in time</u>				
Sales of goods	-	55,500	-	-
Services	-	450,000	-	-
	-	505,500	-	-
	8,427,289	5,936,984	4,679,154	2,009,738

**26. (WRITEBACK OF)/IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Impairment losses:				
- amount owing by subsidiaries (Note 14)	-	-	9,961	14,719
Writeback of allowance for impairment losses:				
- trade receivables (Note 11)	-	(481,250)	-	-
	-	(481,250)	9,961	14,719



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**27. (LOSS)/PROFIT BEFORE TAXATION**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before taxation is arrived at after charging/ (crediting):-				
Auditors' remuneration	38,000	30,000	18,000	15,000
COVID-19-related rent concessions:				
- for the financial year (Notes 20 and 29(b))	(1,950)	(37,060)	(1,950)	(14,950)
- in the previous financial year	-	(29,480)	-	-
Depreciation:				
- property and equipment (Note 6)	192,979	291,900	418	92,551
- right-of-use assets (Note 7)	337,178	349,467	68,786	69,011
Directors' non-fee emoluments:				
- salaries, allowance and other benefits	406,462	451,848	75,770	90,924
- defined contribution benefits	47,400	52,560	7,800	9,360
Impairment loss on property and equipment	-	175,269	-	175,269
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank guarantee	10,480	96,540	-	-
- bank overdrafts	10	629	-	-
- term loans	113,110	54,028	-	-
- hire purchase payables	18	729	-	-
Interest expense on lease liabilities (Notes 20 and 29(b))	29,183	32,935	11,887	6,631
Inventories written down (Note 10)	-	74,216	-	-
Lease expenses:				
- short-term leases	4,748	5,248	-	-
(Gain)/Loss on foreign exchange:				
- realised	(182,165)	(50,287)	-	(76)
- unrealised	-	-	3,608	9,444

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**27. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Staff costs:				
- salaries, allowances and other benefits	3,137,622	3,642,698	1,145,142	1,264,423
- defined contribution benefits	336,293	349,714	118,682	140,752
Income from short-term investments	(84,392)	(120,584)	-	-
Interest income on financial assets not at fair value through profit or loss	(66,848)	(85,468)	-	-

**28. TAX EXPENSE/(INCOME)**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax:				
- for the financial year	-	139,951	-	139,951
- underprovision in the previous financial year	631,436	135,886	488,227	-
	631,436	275,837	488,227	139,951
Deferred tax assets (Note 9):				
- origination and reversal of temporary differences	(85,754)	(1,146,505)	(744,000)	-
	565,682	(870,668)	(255,773)	139,951

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**28. TAX EXPENSE/(INCOME) (CONT'D)**

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before taxation	(656,471)	(1,469,878)	3,629,399	(143,242)
Tax at the statutory tax rate of 24% (2021 - 24%)	(157,553)	(352,771)	871,056	(34,378)
Tax effects of:-				
Non-taxable income	(19,904)	(41,994)	(144,706)	(432)
Non-deductible expenses	49,941	12,928	21,774	21,135
Deferred tax assets not recognised during the financial year	1,553,884	1,361,547	-	1,365,080
Unutilised of deferred tax assets previously not recognised	(1,492,122)	(1,458,222)	(1,492,122)	(683,412)
Tax-exempt income	-	(486,042)	-	(486,042)
Differential in tax rates	-	(42,000)	-	(42,000)
Underprovision of current tax in the previous financial year	631,436	135,886	488,227	-
Tax expense/(income) for the financial year	565,682	(870,668)	(255,773)	139,951

(a) The corporate tax rate of the Company on the first RM600,000 (2021 - RM600,000) of chargeable income is 17% (2021 - 17%). The tax rate applicable to the balance of the chargeable income is 24% (2021 - 24%). The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

(b) The current taxation of the Company is in respect of value added income pursuant to Section 21C(2A) of the Promotion of Investments Act 1986 ("PIA 1986"). Other than Section 21C(2A) of PIA 1986, the Company is not subject to tax as it has been granted the MSC Malaysia status, which qualifies the Company for the Pioneer Status incentive under the Promotion of Investments Act 1986. The Company will enjoy full exemption from income tax on its statutory income from pioneer activities for a period of 5 years, from 27 August 2015 to 26 August 2020.

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**28. TAX EXPENSE/(INCOME) (CONT'D)**

- (c) Subsequently, the Company has obtained the approval from the Malaysian Investment Development Authority ("MIDA") on 14 December 2020 for the extension of the pioneer period from 27 August 2020 to 30 June 2022.

The further extension of pioneer period from 1 July 2021 to 26 August 2025 is subject to approval by MIDA with fulfilment of the conditions stated in the MIDA's letter dated 14 December 2020.

As at 30 June 2021, the Company does not meet the conditions stated in the MIDA's letter dated 14 December 2020, and hence not eligible for tax incentive from 1 July 2021 onwards.

- (d) Income tax savings during the financial year arising from:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Utilisation of capital allowances:				
- for the current financial year	-	29,063	-	29,063
- previously not recognised	-	59,663	-	59,663
Utilisation of tax losses:				
- for the current financial year	70,057	-	-	-
Utilisation of pioneer losses:				
- previously not recognised	-	2,847,548	-	2,847,548

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**29. CASH FLOW INFORMATION**

(a) The cash disbursed for the purchase of property and equipment is as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Property and equipment</b>				
Cost of property and equipment purchased (Note 6)	7,081,491	104,527	2,280	10,009
Less: Acquired through hire purchase arrangements	(113,000)	-	-	-
Less: Acquired through term loan arrangements	(5,652,500)	-	-	-
	<u>1,315,991</u>	<u>104,527</u>	<u>2,280</u>	<u>10,009</u>

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**29. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Term Loans RM	Hire Purchase Payables RM	Lease Liabilities RM	Total RM
<b>The Group</b>				
<b>2022</b>				
At 1 October 2021	860,203	2,982	350,811	1,213,996
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	5,652,500	113,000	-	5,765,500
Repayment of principal	(219,816)	(2,982)	(332,527)	(555,325)
Repayment of interests	(113,110)	(18)	(29,123)	(142,251)
	5,319,574	110,000	(361,650)	5,067,924
<u>Other Changes</u>				
Interest expense recognised in profit or loss (Note 27)	113,110	18	29,163	142,311
Reassessment of leases (Note 20)	-	-	137,482	137,482
COVID-19-related rent concessions (Notes 20 and 27):				
- principal	-	-	(1,890)	(1,890)
- interests	-	-	(60)	(60)
	113,110	18	164,715	277,843
At 30 September 2022	6,292,887	113,000	153,876	6,559,763

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**29. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM	Hire Purchase Payables RM	Lease Liabilities RM	Total RM
<b>The Group</b>				
<b>2021</b>				
At 1 October 2020	972,743	28,629	271,277	1,272,649
<u>Changes in Financing Cash Flows</u>				
Repayment of principal	(112,540)	(25,647)	(299,202)	(437,389)
Repayment of interests	(54,028)	(729)	(30,287)	(85,044)
	(166,568)	(26,376)	(329,489)	(522,433)
<u>Other Changes</u>				
Interest expense recognised in profit or loss (Notes 20 and 27)	54,028	729	32,935	87,692
Modification of leases (Note 20)	-	-	413,148	413,148
COVID-19-related rent concessions (Notes 20 and 27):				
- principal	-	-	(34,412)	(34,412)
- interests	-	-	(2,648)	(2,648)
	54,028	729	409,023	463,780
At 30 September 2021	860,203	2,982	350,811	1,213,996

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**29. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Lease Liabilities RM
<b>The Company</b>	
<b>2022</b>	
At 1 October 2021	12,043
<u>Changes in Financing Cash Flows</u>	
Repayment of principal	(64,223)
Repayment of interests	(11,827)
	(76,050)
<u>Other Changes</u>	
Interest expense recognised in profit or loss (Note 27)	11,887
Reassessment of lease (Note 20)	137,482
COVID-19-related rent concessions (Notes 20 and 27):	
- principal	(1,890)
- interests	(60)
	147,419
At 30 September 2022	83,412
<b>2021</b>	
At 1 October 2020	83,412
<u>Changes in Financing Cash Flows</u>	
Repayment of principal	(57,090)
Repayment of interests	(5,960)
	(63,050)
<u>Other Changes</u>	
Interest expense recognised in profit or loss (Note 27)	6,631
COVID-19-related rent concessions (Notes 20 and 27):	
- principal	(14,279)
- interests	(671)
	(8,319)
At 30 September 2021	12,043



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**29. CASH FLOW INFORMATION (CONT'D)**

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Payment of short-term leases	4,748	5,248	-	-
Interest paid on lease liabilities	29,183	32,935	11,887	6,631
Payment of lease liabilities	332,527	299,202	64,223	57,090
	<u>366,458</u>	<u>337,385</u>	<u>76,110</u>	<u>63,721</u>

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed deposits with licensed banks	4,327,865	3,986,272	-	-
Cash and bank balances	6,351,735	6,544,821	455,405	2,932,711
Short-term investments	26,208	5,925,776	-	-
	<u>10,705,808</u>	<u>16,456,869</u>	<u>455,405</u>	<u>2,932,711</u>
Less: Fixed deposits pledged to licensed banks (Note 16)	<u>(4,327,865)</u>	<u>(3,986,272)</u>	<u>-</u>	<u>-</u>
	<u>6,377,943</u>	<u>12,470,597</u>	<u>455,405</u>	<u>2,932,711</u>

**30. CONTINGENT LIABILITIES**

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group	
	2022 RM	2021 RM
Performance guarantee given to third parties	<u>5,294,959</u>	<u>5,294,959</u>

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**31. CAPITAL COMMITMENT**

	<b>The Group</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Purchase of property and equipment	-	6,317,500

In the previous financial year, a deposit of RM332,500 has been paid as at the date of the reporting period, as disclosed in Note 12 to the financial statements.

**32. RELATED PARTY DISCLOSURES**

**(a) Identities of Related Parties**

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors and entities within the same group of companies.

**(b) Significant Related Party Transactions and Balances**

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following significant transactions with the related parties during the financial year:-

	<b>The Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
<b>Subsidiaries</b>		
Licensing fee	4,034,884	349,585
Technical assistance	644,270	1,660,173
Payment on behalf by	-	4,309,003
Payment on behalf of	9,798	19,827

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

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**33. DIVIDEND**

	The Group/The Company 2022 RM	2021 RM
<u>In respect of the financial year ended 30 September 2021</u>		
First interim single tier dividend of RM2.15 per ordinary share	-	4,300,000
<u>In respect of the financial year ended 30 September 2022</u>		
First interim single tier dividend of RM1.775 per ordinary share	3,551,000	-
	<u>3,551,000</u>	<u>4,300,000</u>

**34. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**34.1 FINANCIAL RISK MANAGEMENT POLICIES**

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(a) Market Risk**

**(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Canadian Dollar ("CAD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure*

	United States Dollar RM	Canadian Dollar RM	Ringgit Malaysia RM	Total RM
<b>The Group</b>				
<b>2022</b>				
<b>Financial Assets</b>				
Trade receivables	-	-	406,834	406,834
Short-term investments	-	-	26,208	26,208
Fixed deposits with licensed banks	-	-	4,327,865	4,327,865
Cash and bank balances	12,325	5,856	6,333,554	6,351,735
	<u>12,325</u>	<u>5,856</u>	<u>11,084,461</u>	<u>11,112,642</u>
<b>Financial Liabilities</b>				
Trade payables	-	-	978,719	978,719
Other payables and accruals	-	7,545	534,376	541,921
Term loans	-	-	6,292,887	6,292,887
Hire purchase payables	-	-	113,000	113,000
	<u>-</u>	<u>7,545</u>	<u>7,918,982</u>	<u>7,926,527</u>
Net financial assets/(liabilities)	12,325	(1,689)	3,175,479	3,186,115
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	-	1,689	(3,175,479)	(3,173,790)
Currency exposure	<u>12,325</u>	<u>-</u>	<u>-</u>	<u>12,325</u>

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure (Cont'd)*

	United States Dollar RM	Canadian Dollar RM	Ringgit Malaysia RM	Total RM
<b>The Group</b>				
<b>2021</b>				
<u>Financial Assets</u>				
Trade receivables	-	-	3,405,361	3,405,361
Other receivables	-	-	73,636	73,636
Short-term investments	-	-	5,925,776	5,925,776
Fixed deposits with licensed banks	-	-	3,986,272	3,986,272
Cash and bank balances	11,136	5,882	6,527,803	6,544,821
	11,136	5,882	19,918,848	19,935,866
<u>Financial Liabilities</u>				
Trade payables	-	-	976,475	976,475
Other payables and accruals	-	7,324	815,907	823,231
Term loans	-	-	860,203	860,203
Hire purchase payables	-	-	2,982	2,982
	-	7,324	2,655,567	2,662,891
Net financial assets/(liabilities)	11,136	(1,442)	17,263,281	17,272,975
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	-	1,442	(17,263,281)	(17,261,839)
Currency exposure	11,136	-	-	11,136

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure (Cont'd)*

	United States Dollar RM	Canadian Dollar RM	Ringgit Malaysia RM	Total RM
<b>The Company</b>				
<b>2022</b>				
<u>Financial Assets</u>				
Amount owing by subsidiaries	-	-	2,403,164	2,403,164
Cash and bank balances	12,325	-	443,080	455,405
	12,325	-	2,846,244	2,858,569
<u>Financial Liabilities</u>				
Trade payables	-	-	11,161	11,161
Other payables and accruals	-	-	147,653	147,653
Amount owing to subsidiaries	-	169,545	-	169,545
	-	169,545	158,814	328,359
Net financial assets/(liabilities)	12,325	(169,545)	2,687,430	2,530,210
Less: Net financial liabilities/(assets) denominated in the entity's functional currencies	-	169,545	(2,687,430)	(2,517,885)
Currency exposure	12,325	-	-	12,325

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure (Cont'd)*

	United States Dollar RM	Canadian Dollar RM	Ringgit Malaysia RM	Total RM
<b>The Company</b>				
<b>2021</b>				
<u>Financial Assets</u>				
Amount owing by subsidiaries	-	-	7,301	7,301
Cash and bank balances	11,136	-	2,921,575	2,932,711
	11,136	-	2,928,876	2,940,012
<u>Financial Liabilities</u>				
Other payables and accruals	-	-	153,950	153,950
Amount owing to subsidiaries	-	164,585	9,003	173,588
	-	164,585	162,953	327,538
Net financial assets/(liabilities)	11,136	(164,585)	2,765,923	2,612,474
Less: Net financial liabilities/(assets) denominated in the entity's functional currencies	-	164,585	(2,765,923)	(2,601,338)
Currency exposure	11,136	-	-	11,136

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Risk Sensitivity Analysis*

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the profit/loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks, fixed rate term loan and hire purchase payables are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 22 to the financial statements.

*Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Effects on (Loss)/Profit After Taxation</b>		
Increase of 100 basis points (bp)	(45,162)	(3,153)
Decrease of 100 bp	45,162	3,153



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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(iii) Equity Price Risk**

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

**(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

**(i) Credit Risk Concentration Profile**

The Group's major concentration of credit risk relates to the amount owing by two customers which constituted the entire of its trade receivables at the end of the reporting period.

**(ii) Maximum Exposure to Credit Risk**

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

**(iii) Assessment of Impairment Losses**

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:-

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; and
- It is becoming probable that the receivable will enter bankruptcy and other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 12 months past due.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

**(ii) Assessment of Impairment Losses (Cont'd)**

Trade Receivables and Contract Assets (Cont'd)

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

**(iii) Assessment of Impairment Losses (Cont'd)**

Trade Receivables and Contract Assets (Cont'd)

*Allowance for Impairment Losses*

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>The Group</b>				
<b>2022</b>				
Not past due	-	-	-	-
Past due:				
- less than 3 months	325,000	-	-	325,000
- 3 to 6 months	81,834	-	-	81,834
Trade receivables	406,834	-	-	406,834
Contract assets	-	-	-	-
	<u>406,834</u>	<u>-</u>	<u>-</u>	<u>406,834</u>
<b>2021</b>				
Not past due	27,750	-	-	27,750
Past due:				
- less than 3 months	-	-	-	-
- 3 to 6 months	3,377,611	-	-	3,377,611
Trade receivables	3,405,361	-	-	3,405,361
Contract assets	119,216	-	-	119,216
	<u>3,524,577</u>	<u>-</u>	<u>-</u>	<u>3,524,577</u>

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

**(iii) Assessment of Impairment Losses (Cont'd)**

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>The Group</b>			
<b>2022</b>			
Low credit risk	-	-	-
Credit impaired	-	-	-
	-	-	-
<b>2021</b>			
Low credit risk	73,636	-	73,636
Credit impaired	401,812	(401,812)	-
	475,448	(401,812)	73,636

The movements in the loss allowances are disclosed in Note 12 to the financial statements.

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

**(iii) Assessment of Impairment Losses (Cont'd)**

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owed By Subsidiaries (Non-trade Balance)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when the subsidiary's financial position deteriorates significantly.

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the holding company does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

**(iii) Assessment of Impairment Losses (Cont'd)**

Amount Owning By Subsidiaries (Non-trade Balance) (Cont'd)

*Allowance for Impairment Losses*

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>The Company</b>			
<b>2022</b>			
Credit impaired	7,249,463	(7,249,463)	-
<b>2021</b>			
Credit impaired	6,590,330	(6,590,330)	-

The movements in the loss allowances are disclosed in Note 14 to the financial statements.

**(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(c) Liquidity Risk (Cont'd)**

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>The Group</b>						
<b>2022</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	978,719	978,719	978,719	-	-
Other payables and accruals	-	541,921	541,921	541,921	-	-
Lease liabilities	7.20 - 7.95	153,876	162,400	149,400	13,000	-
Term loans	3.00 - 7.20	6,292,887	8,686,335	605,532	2,187,052	5,893,751
Hire purchase payables	6.48	113,000	132,606	26,478	106,128	-
		<b>8,080,403</b>	<b>10,501,981</b>	<b>2,302,050</b>	<b>2,306,180</b>	<b>5,893,751</b>
<b>2021</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	976,475	976,475	976,475	-	-
Other payables and accruals	-	823,231	823,231	703,090	120,141	-
Lease liabilities	7.95	350,811	370,000	298,600	71,400	-
Term loans	3.00 - 6.70	860,203	986,373	203,168	736,521	46,684
Hire purchase payables	5.26	2,982	3,000	3,000	-	-
		<b>3,013,702</b>	<b>3,159,079</b>	<b>2,184,333</b>	<b>928,062</b>	<b>46,684</b>



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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(c) Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>The Company</b>						
<b>2022</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	11,161	11,161	11,161	-	-
Other payables and accruals	-	147,653	147,653	147,653	-	-
Amount owing to subsidiaries	-	169,545	169,545	169,545	-	-
Lease liabilities	7.95	83,412	91,000	78,000	13,000	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	11,587,846	11,587,846	-	-
		411,771	12,007,205	11,994,205	13,000	-
<b>2021</b>						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals	-	153,950	153,950	153,950	-	-
Amount owing to subsidiaries	-	173,588	173,588	173,588	-	-
Lease liabilities	7.95	12,043	13,000	13,000	-	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	6,155,162	6,155,162	-	-
		339,581	6,495,700	6,495,700	-	-

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.2 CAPITAL RISK MANAGEMENT**

The Group defines capital as the total equity and debt of the Group. The objective of the Group's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its businesses and related 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.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Term loans (Note 22)	6,292,887	860,203
Hire purchase payables (Note 23)	113,000	2,982
	<u>6,405,887</u>	<u>863,185</u>
Less: Cash and cash equivalents (Note 29(d))	(6,377,943)	(12,470,597)
Net debt	<u>27,944</u>	<u>N/A</u>
Total equity	<u>5,075,030</u>	<u>10,048,911</u>
Debt-to-equity ratio	<u>0.01</u>	<u>N/A</u>

There was no change in the Group's approach to capital management during the financial year.

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments (Note 15)	26,208	5,925,776	-	-
<u>Amortised Cost</u>				
Trade receivables (Note 11)	406,834	3,405,361	-	-
Other receivables (Note 12)	-	73,636	-	-
Amount owing by subsidiaries (Note 14)	-	-	2,403,163	7,301
Fixed deposits with licensed banks (Note 16)	4,327,865	3,986,272	-	-
Cash and bank balances	6,351,735	6,544,821	455,405	2,932,711
	<u>11,086,434</u>	<u>14,010,090</u>	<u>2,858,568</u>	<u>2,940,012</u>
<b>Financial Liability</b>				
<u>Amortised Cost</u>				
Trade payables (Note 24)	978,719	976,475	11,161	-
Other payables and accruals (Note 19)	541,921	823,231	147,653	153,950
Amount owing to subsidiaries (Note 14)	-	-	169,545	173,588
Term loans (Note 22)	6,292,887	860,203	-	-
Hire purchase payables (Note 23)	113,000	2,982	-	-
	<u>7,926,527</u>	<u>2,662,891</u>	<u>328,359</u>	<u>327,538</u>

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	84,392	120,584	-	-
<u>Amortised Cost</u>				
Net gains/(losses) recognised in profit or loss	248,833	135,755	(3,608)	(9,368)
<b>Financial Liability</b>				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(123,618)	(151,197)	-	-

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.5 FAIR VALUE INFORMATION**

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>The Group</b>								
<b>2022</b>								
<u>Financial Asset</u>								
Short-term investments:								
- money market funds	26,208	-	-	-	-	-	26,208	26,208
<u>Financial Liability</u>								
Term loans:								
- fixed rate	-	-	-	-	318,656	-	318,656	350,565
- floating rate	-	-	-	-	5,942,322	-	5,942,322	5,942,322

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.5 FAIR VALUE INFORMATION (CONT'D)**

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM		
<b>The Group</b>								
<b>2021</b>								
<u>Financial Asset</u>								
Short-term investments:								
- money market fund	5,925,776	-	-	-	-	-	5,925,776	5,925,776
<u>Financial Liability</u>								
Term loans:								
- fixed rate	-	-	-	-	404,507	-	404,507	445,323
- floating rate	-	-	-	-	414,880	-	414,880	414,880

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**34. FINANCIAL INSTRUMENTS (CONT'D)**

**34.5 FAIR VALUE INFORMATION (CONT'D)**

**(a) Fair Value of Financial Instruments Carried at Fair Value**

- (i) The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into at the reporting date.
- (ii) There were no transfers between level 1 and level 2 during the financial year.

**(b) Fair Value of Financial Instruments Not Carried at Fair Value**

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the Group's term loans that carry floating interest rates approximated its carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair values of Group's term loan that carry fixed interest rate are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2022 %	2021 %
Term loan (fixed rate)	7.20	6.70

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**35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

On 4 October 2021, AZTI Engineering (M) Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement for the purchase of a unit of three storey semi-detached industrial factory building held under individual title H.S.(D) 296842, PT 5934, Pekan Puchong Perdana, Daerah Petaling, Selangor for a total purchase consideration of RM6,650,000.

In the previous financial year, a deposit of RM332,500 has been paid as at the date of the reporting period, as disclosed in Note 12 to the financial statements. The purchase transaction was completed during the financial year.

**36. COMPARATIVE FIGURES**

The following figures have been reclassified to conform with the presentation of the current financial year:-

	The Group	
	As Previously Reported RM	As Restated RM
<b>Statements of Financial Position (Extract):-</b>		
<u>Current liabilities</u>		
Lease liabilities	283,329	280,347
Term loans	157,392	-
Short-term borrowings	-	160,374



**1. RESPONSIBILITY STATEMENT**

The Directors of the Company have seen and approved this Circular and they individually and collectively accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular false or misleading.

**2. CONSENT AND DECLARATION OF CONFLICT OF INTEREST****2.1 SCA**

SCA, the Approved Adviser for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

SCA confirms that as at the LPD, there is no conflict of interest situation that exists or is likely to exist as the Approved Adviser for the Proposed Acquisition.

**2.2 Strategic**

Strategic, the Independent Adviser for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular and IAL.

Strategic confirms that there is no conflict of interest that exists or is likely to exist in relation to its role as the Independent Adviser for the Proposed Acquisition.

**3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****3.1 Material Commitments**

There are no material commitments incurred or known to be incurred by our Group as at the LPD, which upon becoming due or enforceable, may have a material impact on the financial position or business of our Group.

**3.2 Contingent Liabilities**

There are no contingent liabilities incurred or known to be incurred by our Group as at the LPD, which upon becoming due or enforceable, may have a material impact on the financial position or business of our Group.

**4. MATERIAL CONTRACTS, AND LITIGATION****4.1 Material Contracts**

Save as disclosed below, the Group has not entered into any material contracts (not being a contract entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular.

#### 4.2 Material Litigation

As at the LPD, the Group is not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, and the board of directors of the Company is not aware and does not have any knowledge of any proceedings, pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position of the business of the Company.

### 5. HISTORICAL SHARE PRICES

The monthly highest and lowest closing market price of RedPlanet Shares traded on the LEAP Market of Bursa Securities for the past 12 months preceding the date of the Circular are set out as below:-

	Highest RM	Lowest RM
<b>2022</b>		
September	0.28	0.28
October	0.28	0.28
November	0.28	0.28
December	0.28	0.28
<b>2023</b>		
January	0.28	0.28
February	0.28	0.28
March	0.25	0.24
April	0.21	0.21
May	0.21	0.21
June	0.21	0.21
July	0.21	0.21
August	0.23	0.21
Last transacted market price as at the LTD	0.20	
Last transacted market price as at the LPD	0.21	

(Source: Bloomberg)

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**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of RedPlanet during normal business hours from Mondays to Fridays (except for public holidays) at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 8, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, from the date of this Circular up to and including the date of the EGM:

- (i) Constitution of RedPlanet and AZTI;
- (ii) audited consolidated financial statements of RedPlanet for FYE 30 June 2021 and FYE 30 June 2022;
- (iii) audited financial statements of RedPlanet for FYE 30 June 2023;
- (iv) audited financial statements of AZTI for FYE 30 September 2019 to FYE 30 September 2022;
- (v) material contract referred to in Section 6.1, Appendix III of this Circular;
- (vi) the SSA;
- (vii) the SHA; and
- (viii) letters of consent referred to in Section 2, Appendix VI of this Circular.

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**REDPLANET BERHAD**

Registration No. 201901014292 (1323620-A)  
(Incorporated in Malaysia under the Companies Act 2016)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“**EGM**”) of RedPlanet Berhad (“**RedPlanet**” or “**Company**”) will be held fully virtually through live streaming via an application known as Zoom from No. 1-8, Level 8, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Friday, 17 November 2023 at 11.00 a.m. or immediately upon the conclusion of the Fourth Annual General Meeting (“**4<sup>th</sup> AGM**”) of the Company scheduled to be held on the same day at 10.30 a.m, whichever is later or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolution with or without modifications:

#### **ORDINARY RESOLUTION**

**PROPOSED ACQUISITION BY REDPLANET OF 51% EQUITY INTEREST IN AZTI TECHNOLOGY SDN. BHD. (“AZTI”) FOR A PURCHASE CONSIDERATION OF RM7.65 MILLION TO BE SATISFIED VIA A COMBINATION OF CASH CONSIDERATION OF RM5.36 MILLION AND SHARE CONSIDERATION OF RM2.29 MILLION VIA ISSUANCE OF 10,928,571 NEW REDPLANET SHARES AT AN ISSUE PRICE OF RM0.21 PER SHARE (“PROPOSED ACQUISITION”)**

“**THAT** subject to all approvals being obtained from the relevant regulatory or authorities, including but not limited to the approval of Bursa Malaysia Securities Berhad for the listing of and quotation of the 10,928,571 new RedPlanet Shares, the Company is hereby authorised to acquire 1,020,000 ordinary shares in AZTI (“**Sale Shares**”), equivalent to 51% of the issued capital of AZTI, from the Vendors for a total purchase consideration of RM7.65 million (“**Purchase Consideration**”) to be satisfied via a combination of cash consideration of RM5.36 million (“**Cash Consideration**”) and share consideration of RM2.29 million via issuance of 10,928,571 new ordinary shares in RedPlanet (“**RedPlanet Shares**”) at an issue price of RM0.21 per share (“**Issue Price**”) (“**Consideration Shares**”).

**THAT** approval be and is hereby given for the directors of the Company to issue and allot 10,928,571 new RedPlanet Shares as determined based on the principals and terms of the Share Purchase Agreement dated 7 September 2023 (“**SPA**”) as set out in Section 2.1 of the circular to the shareholders of RedPlanet.

**THAT** in connection with Section 85(1) of the Companies Act 2016 read together with Clause 16 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the existing shareholders of the Company to be first offered the new Consideration Shares to be allotted and issued by the Company pursuant to the Proposed Acquisition which rank equally to the existing issued shares of the Company AND THAT the Board be exempted from the obligation to first offer such new Consideration Shares to the existing shareholders of the Company in respect of the issuance and allotment of the new Consideration Shares pursuant to the Proposed Acquisition.

**THAT** the Consideration Shares shall be issued free from all encumbrances, and with all rights and benefits attached thereto, ranking equally in all respects with the existing issued and fully paid-up ordinary shares in RedPlanet, including without limitation all rights, dividends and/or other distributions which may be declared, made or paid in respect thereof, where the date on which the shareholders of the Company must be registered in order to participate in the relevant distribution, is on or subsequent to the date of completion of the SPA in accordance with its terms.

**AND THAT** the Board be and is hereby authorised and empowered to carry out, do all such acts, deeds and things and take all such steps it may consider necessary, and to execute, sign, deliver and cause to be delivered on behalf of the Company all such agreements (including, without limitation, the affixing of the Company's common seal, where necessary), addendums, amendments, supplemental agreement and/or any other documents as the Board may consider necessary or required to give effect to the Proposed Acquisition.”

**By Order of the Board  
REDPLANET BERHAD**

**REBECCA KONG SAY TSUI (MAICSA 7039304)**  
**(SSM PC No.: 202008001003)**  
**LEELA A/P SURESH KEE SEE LENG (MAICSA 7069589)**  
**(SSM PC No.: 201908001962)**  
Company Secretaries

Kuala Lumpur  
Dated this 1st day of November 2023

**Notes:**

1. The Extraordinary General Meeting ("**EGM**") of the Company will be conducted on a fully virtual basis by way of live streaming via an application known as Zoom ("**Zoom**"). Please refer to the Notifications on Notice of the EGM of the Company for the procedures to register and participate in the virtual meeting.

The Main Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Members and/or proxy(ies) and/or corporate representative(s) and/or attorneys **WILL NOT** be physically present at the Main Venue on the day of the EGM.

2. A Member of the Company entitled to attend and vote at the meeting is entitled to appoint proxy(ies) or in the case of a corporation, to appoint representative(s) to attend and vote in his place. A proxy may but need not be a Member of the Company.
3. A Member shall appoint not more than two (2) proxies to attend and vote at the meeting.
4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed shall exercise all or any of his rights to attend, participate, speak and vote at a meeting of the Company.
7. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under common seal or under the hand of an attorney or an officer duly authorised.
8. An instrument appointing a proxy must be deposited at the Share Registrar's Office situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan OR by electronic means via email to

[is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com) not less than forty-eight (48) hours before the time for holding the EGM or any adjournment thereof at which the person named in the appointment proposes to vote.

9. For the purpose of determining a Member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at **10 November 2023** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.
10. Members/proxies/corporate representatives who wish to attend the EGM in person, besides submitting the proxy form, you are advised to pre-register by completing a Pre-Registration Form and submit to <https://tinyurl.com/RedPlanetIndividual> (individual member) or <https://tinyurl.com/RedPlanetCorporate> (corporate member).

## PROXY FORM



CDS Account No. (Nominees Account Only)	
No. of shares held	

### REDPLANET BERHAD

Company No. 201901014292 (1323620-A)

(Incorporated in Malaysia)

I/We .....  
(FULL NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN BLOCK LETTERS)

NRIC No./Passport No./Company No. ....

of .....  
(FULL ADDRESS)

being a member of **REDPLANET BERHAD** hereby appoint .....  
(FULL NAME IN BLOCK LETTERS)

..... NRIC No./Passport No. ....

of .....  
(FULL ADDRESS)

and / or ..... NRIC No./Passport No. ....  
(FULL NAME IN BLOCK LETTERS)

of .....  
(FULL ADDRESS)

or failing \*him/her, the Chairman of the Meeting as \*my/our proxy(ies) to vote for \*me/us and on my/our behalf at the Extraordinary General Meeting of the Company will be conducted fully virtually through live streaming via an application known as Zoom from No. 1-8, Level 8, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Friday, 17 November 2023 at 11.00 a.m., or immediately upon the conclusion of the Fourth Annual General Meeting ("4<sup>th</sup> AGM") of the Company scheduled to be held on the same day at 10.30 a.m., whichever is later and at any adjournment thereof.

My/Our proxy(ies) is/are to vote as indicated hereunder:

RESOLUTION	FOR	AGAINST
Ordinary Resolution – Proposed Acquisition		

indicate with an "X" in the spaces provided how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain from voting as \*he/she thinks fit.

Signed this ..... day of ....., 2023.

.....  
Signature/Common Seal of Member

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:

	No of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

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**Postage**

The Share Registrar of REDPLANET BERHAD  
Tricor Investor & Issuing House Services Sdn. Bhd.  
*Unit 32-01, Level 32, Tower A*  
*Vertical Business Suite*  
*Avenue 3, Bangsar South*  
*No. 8, Jalan Kerinchi*  
*59200 Kuala Lumpur*  
*Wilayah Persekutuan*

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