

12. FINANCIAL INFORMATION

12.1 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION



REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Grant Thornton Malaysia PLT

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Date: 13 July 2022

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The Board of Directors
Agmo Holdings Berhad
Level 38, MYEG Tower
Empire City Damansara
Jalan PJU 8, Damansara Perdana
47820 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

AGMO HOLDINGS BERHAD (“AGMO” OR THE “COMPANY”) AND ITS SUBSIDIARIES (THE “GROUP”)

REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of pro forma consolidated statement of financial position of the Group as at 31 March 2022 (“Pro Forma Financial Position”) prepared by the Board of Directors of the Company. The Pro Forma Financial Position together with the accompanying notes thereon, for which we have stamped for the purpose of identification. The Pro Forma Financial Position have been prepared for inclusion in the prospectus of the Company (“the Prospectus”) in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad (“Proposed Listing”).

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Financial Position are described in the notes thereon to the Pro Forma Financial Position. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines-Equity issued by the Securities Commission Malaysia (“Prospectus Guidelines”) and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position have been compiled by the Board of Directors, for illustrative purposes only, to illustrate the impact of the events or transactions as set out in the notes thereon to the Pro Forma Financial as if the events or the transactions had taken place as at 31 March 2022. As part of this process, information about the Group’s consolidated statements of financial position has been extracted by the Board of Directors from the Group audited consolidated financial statements for the financial year ended 31 March 2022, on which an auditors’ report dated 11 May 2022 has been issued.

12. FINANCIAL INFORMATION (CONT'D)

**Directors' Responsibility for the Pro Forma Financial Position**

The Board of Directors is responsible for compiling the Pro Forma Financial Position on the basis described in the notes thereon to the Pro Forma Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Our Independence and Quality Control

We are independent 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' 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.

Our firm applies International Standard on Quality Control ("ISQC") 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in notes thereon to the Pro Forma Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE 3420), *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company have compiled, in all material respects, the Pro Forma Financial Position on the basis described in the notes thereon to the Pro Forma Financial Position.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Position.

The purpose of Pro Forma Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

12. FINANCIAL INFORMATION (CONT'D)



Reporting Accountants' Responsibility (Cont'd)

A reasonable assurance engagement to report on whether the Pro Forma Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Financial Position have been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Other Matter

This report has been prepared solely for the purpose of inclusion in the Prospectus of Agmo in connection with the Proposed Listing. As such, this report should not be used or relied upon for any other purpose without the prior written consent from us. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

A stylized, handwritten signature of Grant Thornton in black ink.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS

A handwritten signature of Antony Leong Wee Lok in black ink.

ANTONY LEONG WEE LOK
(NO: 03381/06/2024 J)
CHARTERED ACCOUNTANT

Kuala Lumpur

12. FINANCIAL INFORMATION (CONT'D)

Agmo Holdings Berhad ("Agmo" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

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Pro Forma Financial Position (Cont'd)

	As at 31 March 2022 ⁽¹⁾ RM'000	Adjustments for Share Consolidation RM'000	Pro forma I After Share Consolidation RM'000	Adjustments for Proposed Public Issue RM'000	Pro forma II After Proforma I And Proposed Public Issue RM'000	Adjustments for Utilisation of Proceeds RM'000	Pro forma III After Proforma II and Utilisation of Proceeds RM'000
LIABILITIES							
NON-CURRENT LIABILITIES							
Deferred tax liabilities	59	-	59	-	59	-	59
Lease liabilities	651	-	651	-	651	-	651
Total non-current liabilities	710	-	710	-	710	-	710
CURRENT LIABILITIES							
Other payables and accruals	1,423	-	1,423	-	1,423	-	1,423
Contract liabilities	512	-	512	-	512	-	512
Lease liabilities	154	-	154	-	154	-	154
Tax payables	57	-	57	-	57	-	57
Total current liabilities	2,146	-	2,146	-	2,146	-	2,146
TOTAL LIABILITIES	2,856	-	2,856	-	2,856	-	2,856
TOTAL EQUITY AND LIABILITIES	13,989	-	13,989	22,100	36,089	(4,608)	31,481
Number of shares in issue ('000)	400,000	(160,000)	240,000	85,000	325,000		325,000
Net asset per share (RM)	0.03		0.05		0.10		0.09

Note:-

⁽¹⁾ Extracted from the Group's audited consolidated financial statements for the financial year ended 31 March 2022.

12. FINANCIAL INFORMATION (CONT'D)

Agmo Holdings Berhad (“Agmo” or the “Company”) and its subsidiaries (the “Group”) Pro Forma Financial Position and the notes thereon

Notes to the Pro Forma Financial Position

The pro forma consolidated statement of financial position of the Group as at 31 March 2022 (“Pro Forma Financial Position”) have been prepared for illustration purposes only, by the Board of Directors (the “Directors”) of the Company for inclusion in the prospectus of the Company to be issued in connection with the initial public offering of 325,000,000 ordinary shares in the Company in conjunction with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad (“Proposed Listing”)(“IPO”).

1 Basis of Preparation

The applicable criteria in the preparation of the Pro Forma Financial Position are in accordance with Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia (“SC”).

The Pro Forma Financial Position have been prepared based on the Group audited consolidated financial statements for the financial year ended 31 March 2022, which was prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and in a manner consistent with both the format of financial statements and the accounting policies adopted by the Group, and the adjusted for the events and transactions detailed in Note 2 to the Pro Forma Financial Position.

The auditors’ report dated 11 May 2022 on the Group’s audited consolidated financial statements for the financial year ended 31 March 2022 was not subject to any audit qualification, modification or disclaimer of opinion.

The Pro Forma Financial Position, because of its nature, may not reflect the actual financial position of the Group. Further, such information does not predict the future financial position of the Group.

2 Listing Scheme

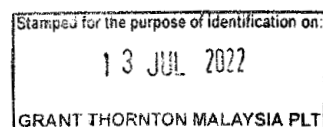
In conjunction with the Proposed Listing, the Company would undertake the following:-

2.1 Share Consolidation

A share consolidation of 400,000,000 existing ordinary shares into 240,000,000 ordinary shares on the basis of every five (5) existing ordinary shares in the Company into three (3) ordinary shares will be implemented.

The issued share capital after Share Consolidation would be 240,000,000 ordinary shares which reduces by 160,000,000 ordinary shares from 400,000,000 ordinary shares. The Share Consolidation would not have any effect to the share capital of the Company. Accordingly, the share capital of the Company would remain at RM4,000,000.

The share consolidation has completed on 27 June 2022.



12. FINANCIAL INFORMATION (CONT'D)**Agmo Holdings Berhad (“Agmo” or the “Company”) and its subsidiaries (the “Group”)**
Pro Forma Financial Position and the notes thereon**Notes to the Pro Forma Financial Position (Cont'd)****2 Listing Scheme (Cont'd)****2.2 Proposed Public Issue**

The public issue of 85,000,000 new ordinary shares in the Company (“Issue Shares”) at an issue price of RM0.26 per Issue Share, representing approximately 26.2% of the enlarged total number of shares of the Company. The Issue Shares shall be allocated in the following manner:

- (i) 16,250,000 new Issue Shares, representing 5.0% of the enlarged total number of shares, will be made available for application by the Malaysian Public through a balloting process, of which 50.0% will be set aside for Bumiputera investors;
- (ii) 6,500,000 new Issue Shares, representing 2.0% of the enlarged total number of shares, will be made available for application by eligible Directors, employees and business associates of the Group; and
- (iii) 62,250,000 new Issue Shares, representing approximately 19.2% of the enlarged total number of shares, will be made available for application by way of private placement to selected investors.

2.3 Utilisation of Proceeds

The estimated gross proceeds from the Proposed Public Issue of RM22,100,000 are intended to be utilised in the following manner:

Details of utilisation	Estimated timeframe for utilisation from the date of Proposed Listing	RM'000	%
Investment in a dedicated research and development team ⁽¹⁾	Within 24 months	3,449	15.6
Investment in a dedicated sales, marketing and business development team ⁽²⁾	Within 36 months	2,456	11.1
Investment in a dedicated technical support and maintenance services division ⁽³⁾	Within 36 months	3,564	16.1
Establishment of a training and development centre ⁽⁴⁾	Within 36 months	2,541	11.5
Regional expansion to Singapore ⁽⁵⁾	Within 36 months	686	3.1
Working capital and related capital expenditure ⁽⁶⁾	Within 12 to 30 months	6,222	28.2
Estimated listing expenses ⁽⁷⁾	Immediately upon listing	3,182	14.4
Total estimated proceeds		22,100	100.0

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12. FINANCIAL INFORMATION (CONT'D)**Agmo Holdings Berhad (“Agmo” or the “Company”) and its subsidiaries (the “Group”)**
Pro Forma Financial Position and the notes thereon**Notes to the Pro Forma Financial Position (Cont'd)****2 Listing Scheme (Cont'd)****2.3 Utilisation of Proceeds (Cont'd)**Notes:

- (1) The breakdown of investment in a dedicated research and development team are as tabulated below.

	RM'000
Payroll expenses ⁽⁹⁾	3,240
Purchase of computer and software ⁽⁸⁾	144
Software licenses subscription	65
Total	3,449

As at the latest practicable date of 4 July 2022, none of the above total utilisation of proceeds for investment in a dedicated research and development team is factually supportable by any purchase orders, sales and purchase agreements or contractual binding arrangements. However, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the SC, the Group has illustrated the total utilisation of proceeds for the said expenditure of RM3.45 million to be raised from the Proposed Public Issue in the Pro Forma Financial Position.

- (2) The breakdown of investment in a dedicated a sales, marketing and business development team is as tabulated below.

	RM'000
Payroll expenses ⁽⁹⁾	2,280
Purchase of computer and software ⁽⁸⁾	80
Software licenses subscription	96
Total	2,456

As at the latest practicable date of 4 July 2022, none of the above total utilisation of proceeds for investment in a dedicated sales, marketing and business development team is factually supportable by any purchase orders, sales and purchase agreements or contractual binding arrangements. However, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the SC, the Group has illustrated the total utilisation of proceeds for the said expenditure of RM2.46 million to be raised from the Proposed Public Issue in the Pro Forma Financial Position.

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12. FINANCIAL INFORMATION (CONT'D)**Agmo Holdings Berhad (“Agmo” or the “Company”) and its subsidiaries (the “Group”)**
Pro Forma Financial Position and the notes thereon**Notes to the Pro Forma Financial Position (Cont'd)****2 Listing Scheme (Cont'd)****2.3 Utilisation of Proceeds (Cont'd)**Notes (cont'd):

- (3) The breakdown of investment in a dedicated support and maintenance services division is as tabulated below.

	RM'000
Payroll expenses ⁽⁹⁾	2,940
Customised support and maintenance system development	300
Purchase of computer and software ⁽⁸⁾	228
Software licenses subscription	96
Total	3,564

As at the latest practicable date of 4 July 2022, none of the above total utilisation of proceeds for investment in a dedicated support and maintenance services division is factually supportable by any purchase orders, sales and purchase agreements or contractual binding arrangements. However, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the SC, the Group has illustrated the total utilisation of proceeds for the said expenditure of RM3.56 million to be raised from the Proposed Public Issue in the Pro Forma Financial Position.

- (4) The breakdown of establishment of training and development centre is as tabulated below.

	RM'000
Payroll expenses ⁽⁹⁾	846
Setting up training and development centre	
- Training syllabus cost	150
- Rental of office	225
- Purchase of equipment ⁽⁸⁾	720
- Office renovation ⁽⁸⁾	350
Development of training system	250
Total	2,541

As at the latest practicable date of 4 July 2022, none of the above total utilisation of proceeds for establishment of training and development centre is factually supportable by any purchase orders, sales and purchase agreements or contractual binding arrangements. However, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the SC, the Group has illustrated the total utilisation of proceeds for the said expenditure of RM2.54 million to be raised from the Proposed Public Issue in the Pro Forma Financial Position.

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12. FINANCIAL INFORMATION (CONT'D)**Agmo Holdings Berhad ("Agmo" or the "Company") and its subsidiaries (the "Group")**
Pro Forma Financial Position and the notes thereon**Notes to the Pro Forma Financial Position (Cont'd)****2 Listing Scheme (Cont'd)****2.3 Utilisation of Proceeds (Cont'd)**Notes (cont'd):

(5) The breakdown of regional expansion to Singapore is as tabulated below.

	RM'000
Payroll expenses ⁽⁹⁾	432
Marketing expenses	201
Rental of office	43
Purchase of computer and software ⁽⁸⁾	10
Total	686

As at the latest practicable date of 4 July 2022, none of the above total utilisation of proceeds for regional expansion to Singapore is factually supportable by any purchase orders, sales and purchase agreements or contractual binding arrangements. However, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the SC, the Group has illustrated the total utilisation of proceeds for the said expenditure of RM0.69 million to be raised from the Proposed Public Issue in the Pro Forma Financial Position.

(6) Included in the working capital are purchase of computer and software and office renovation amounting to RM0.28 million⁽⁸⁾ and RM0.20 million⁽⁸⁾ for capital expenditure respectively. As at the latest practicable date of 4 July 2022, the use of proceeds for the said capital expenditure is not factually supportable by any purchase orders, sales and purchase agreements or contractual binding arrangements. However, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the SC, the Group has illustrated the use of proceeds for the said capital expenditure to be raised from the Proposed Public Issue in the Pro Forma Financial Position.

(7) The breakdown of estimated listing expenses comprises the following:

	RM'000
Professional fees	2,140
Brokerage, underwriting and placement fees	556
Fees payable to authorities	66
Other fees and expenses such as printing, advertising and other miscellaneous expenses incurred in relation to the Proposed Public Issue	420
Total	3,182

Upon completion of the IPO, the estimated listing expenses of RM0.87 million, which is directly attributable to the issuance of new shares will be debited against the share capital of the Company and the remaining estimated listing expenses of RM2.31 million will be expensed off to statements of profit or loss and other comprehensive income.

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12. FINANCIAL INFORMATION (CONT'D)**Agmo Holdings Berhad ("Agmo" or the "Company") and its subsidiaries (the "Group")**
Pro Forma Financial Position and the notes thereon**Notes to the Pro Forma Financial Position (Cont'd)****2 Listing Scheme (Cont'd)****2.3 Utilisation of Proceeds (Cont'd)**Notes (cont'd):

As at the latest practicable date of 4 July 2022, the Group has paid RM1,323,160 of listing expenses and is recognised in the prepayment. The said prepayment will be subsequently debited against share capital and/or expensed off to the statements of profit or loss and other comprehensive income upon completion of IPO.

- (8) Capital expenditure amounts to RM2.01 million as per included in respective tables above.
- (9) Payroll expenses as working capital in nature amounts to RM9.74 million as per included in respective tables above.

3 Pro Forma Adjustments

The Pro Forma Financial Position have been prepared to illustrate the effects of the following:

- (i) Pro Forma I : After adjusted for Share Consolidation as described in Note 2.1;
- (ii) Pro Forma II : After Pro Forma I and Proposed Public Issue as described in Note 2.2;
and
- (iii) Pro Forma III : After Pro Forma II and Utilisation of Proceeds as described in Note 2.3.

4 Effects on the Pro Forma Financial Position**(a) Equipment**

	RM'000
Balance as at 31 March 2022/ As per Pro Forma I and II	435
Pursuant to Utilisation of Proceeds	
- Capital expenditure	<u>2,009</u>
As per Pro Forma III	<u>2,444</u>

(b) Other receivables, deposits and prepayment

	RM'000
Balance as at 31 March 2022/ As per Pro Forma I and II	1,406
Pursuant to Utilisation of Proceeds	
- Listing expenses charged to profit or loss	<u>(1,323)</u>
As per Pro Forma III	<u>83</u>

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12. FINANCIAL INFORMATION (CONT'D)**Agmo Holdings Berhad ("Agmo" or the "Company") and its subsidiaries (the "Group")**
Pro Forma Financial Position and the notes thereon**Notes to the Pro Forma Financial Position (Cont'd)****4 Effects on the Pro Forma Financial Position (Cont'd)****(c) Cash and Bank Balances**

	RM'000	RM'000
Balance as at 31 March 2022/ As per Pro Forma I Pursuant to Proposed Public Issue		2,418 <u>22,100</u>
As per Pro Forma II Pursuant to Utilisation of Proceeds		24,518
- Expenses (excluding working capital and capital expenditure)	(1,426)	
- Capital expenditure	<u>(2,009)</u>	<u>(3,435)</u>
Estimated listing expenses		21,083 <u>(1,859)</u>
As per Pro Forma III		<u>19,224</u>

(d) Share Capital

	Unit '000	RM'000
Balance as at 31 March 2022 Pursuant to Share Consolidation	400,000 <u>(160,000)</u>	4,000 <u>-</u>
As per Pro Forma I Pursuant to Proposed Public Issue	240,000 <u>85,000</u>	4,000 <u>22,100</u>
As per Pro Forma II Pursuant to Utilisation of Proceeds	325,000	26,100
- Estimated listing expenses	<u>-</u>	<u>(870)</u>
As per Pro Forma III	<u>325,000</u>	<u>25,230</u>

(e) Retained Earnings

	RM'000	RM'000
Balance as at 31 March 2022/ As per Pro Forma I and II Pursuant to Utilisation of Proceeds		7,087
- Expenses (excluding working capital and capital expenditure)	(1,426)	
- Estimated listing expenses	<u>(2,312)</u>	<u>(3,738)</u>
As per Pro Forma III		<u>3,349</u>

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12. FINANCIAL INFORMATION (CONT'D)

Agmo Holdings Berhad (“Agmo” or the “Company”) and its subsidiaries (the “Group”)
Pro Forma Financial Position and the notes thereon

Approval by the Board of Directors

Approved and adopted by the Board of Directors in accordance with a resolution dated 13 July 2022.

For and on behalf of the Board of Directors,


.....
TAN AIK KEONG
Director


.....
LOW KANG WEN
Director

12. FINANCIAL INFORMATION (CONT'D)**12.2 HISTORICAL FINANCIAL INFORMATION**

The following table sets out a summary of the consolidated statements of profit or loss and other comprehensive income and consolidated statements of financial position of our Group for the Financial Years Under Review. The consolidated financial statements have been prepared in accordance with MFRS and IFRS and should be read in conjunction with the Accountants' Report as set out in Section 13 of this Prospectus.

12.2.1 Consolidated statements of profit or loss and other comprehensive income of our Group

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	5,435	6,214	9,040	16,525
Cost of sales	(2,691)	(3,395)	(4,413)	(9,145)
GP	2,744	2,819	4,627	7,380
Other income	1	12	2	207
Net measurement of expected credit losses	(11)	11	(225)	192
Selling and marketing expenses	(3)	(6)	(40)	(12)
Administrative expenses	(292)	(409)	(392)	(668)
Depreciation	(30)	(38)	(49)	(173)
Other expenses	(50)	(11)	(46)	(40)
Operating profit	2,359	2,378	3,877	6,886
Finance income	78	120	189	94
Finance cost	-	-	-	(22)
Share of loss of an equity-accounted joint venture ⁽⁶⁾	-	-	-	(4)
PBT	2,437	2,498	4,066	6,954
Tax expense	(25)	(2)	(62)	(216)
PAT	2,412	2,496	4,004	6,738
Other comprehensive income	-	-	-	-
Total comprehensive income	2,412	2,496	4,004	6,738
PAT attributable to:				
- Owners of our Company	2,412	2,496	4,004	6,692
- Non-controlling interests	-	-	-	46
	2,412	2,496	4,004	6,738
EBITDA ⁽¹⁾	2,389	2,416	3,926	7,055
GP margin (%) ⁽²⁾	50.5	45.4	51.2	44.7
PBT margin (%) ⁽³⁾	44.8	40.2	45.0	42.1
PAT margin (%) ⁽⁴⁾	44.4	40.2	44.3	40.8
PATAMI margin (%) ⁽⁵⁾	44.4	40.2	44.3	40.5
Number of Shares in issue ('000)	400,000	400,000	400,000	400,000
Basic EPS (sen)	0.60	0.62	1.00	1.67

Notes:

(1) EBITDA is computed as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
PAT	2,412	2,496	4,004	6,738
Less:				
Finance income	(78)	(120)	(189)	(94)

12. FINANCIAL INFORMATION (CONT'D)

	<i>Audited</i>			
	<i>FYE 2019</i>	<i>FYE 2020</i>	<i>FYE 2021</i>	<i>FYE 2022</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<i>Add:</i>				
<i>Taxation</i>	25	2	62	216
<i>Depreciation</i>	30	38	49	173
<i>Finance cost</i>	-	-	-	22
EBITDA	2,389	2,416	3,926	7,055

- (2) GP margin is computed based on GP over revenue.
- (3) PBT margin is computed based on PBT over revenue.
- (4) PAT margin is computed based on PAT over revenue.
- (5) PATAMI margin is computed based on PAT attributable to owners of our Company over revenue.
- (6) Our Group subscribed for 35% of the equity interest in WorkGrowth Technology, a jointly controlled entity, on 9 August 2021. The investment in WorkGrowth Technology is accounted for in the consolidated financial statements using the equity method as this investment is under a joint control arrangement, and our Group and our joint venture partner namely LKC Advance Technology Sdn. Bhd. have rights to the profits or loss of WorkGrowth Technology.

12.2.2 Consolidated statements of financial position of our Group

	<i>Audited</i>			
	<i>FYE 2019</i>	<i>FYE 2020</i>	<i>FYE 2021</i>	<i>FYE 2022</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
ASSETS				
Non-current assets				
Equipment	107	142	166	435
Right-of-use-assets	-	-	-	778
Investment in an associate ⁽¹⁾	#	#	#	-
Other investments ⁽²⁾	108	108	108	175
Investment in a joint venture ⁽³⁾	-	-	-	206
Total non-current assets	215	250	274	1,594
Current assets				
Trade receivables	1,207	1,814	3,800	4,434
Other receivables, deposits and prepayments	32	100	97	⁽⁴⁾ 1,406
Amount due from a Director	12	26	-	-
Tax recoverable	-	-	-	39
Fixed deposits placed with licensed banks	1,532	24	2,784	4,098
Cash and bank balances and short term investment	4,241	7,790	1,308	2,418
Total current assets	7,024	9,754	7,989	12,395
TOTAL ASSETS	7,239	10,004	8,263	13,989
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to owners of our Company				
Share capital	4,000	4,000	4,000	4,000
Retained earnings	3,015	5,390	3,395	7,087
Non-controlling interests	-	-	-	46
TOTAL EQUITY	7,015	9,390	7,395	11,133

12. FINANCIAL INFORMATION (CONT'D)

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
LIABILITIES				
Non-current liability				
Lease liabilities	-	-	-	651
Deferred tax liability	9	9	26	59
	9	9	26	710
Current liabilities				
Other payables and accruals	193	469	458	(5) 1,423
Contract liabilities	-	136	382	512
Lease liabilities	-	-	-	154
Tax payables	22	#	2	57
Total current liabilities	215	605	842	2,146
TOTAL LIABILITIES	224	614	868	2,856
TOTAL EQUITY AND LIABILITIES	7,239	10,004	8,263	13,989
Number of Shares in issue ('000)	400,000	400,000	400,000	400,000
NA (RM'000)	7,015	9,390	7,395	11,133
NA per Share (sen)	1.75	2.35	1.85	2.78

Notes:

- (1) Refers to our Group's 35.0% equity interest in Appstremely Sdn. Bhd. Its carrying amount was impaired to RM1.00 as the associate was loss-making and in a capital deficiency position. Appstremely Sdn. Bhd. was subsequently disposed of on 6 September 2021. Further details are set out in Section 12.14 of this Prospectus.
- (2) Our Group has designated the equity investment at fair value through other comprehensive income because our Group intends to hold these investments for long-term strategic purposes. Further details are set out in Section 6.4 of this Prospectus.
- (3) Our Group subscribed for 35% of the equity interest in WorkGrowth Technology, a jointly controlled entity, on 9 August 2021. The investment in WorkGrowth Technology is accounted for in the consolidated financial statements using the equity method as this investment is under a joint control arrangement, and our Group and our joint venture partner namely LKC Advance Technology Sdn. Bhd. have rights to the net assets of WorkGrowth Technology.
- (4) Comprises mainly prepaid Listing expenses of RM1.32 million.
- (5) Comprises mainly of the following:
- (i) accrued personnel costs of RM0.88 million mainly due to increase in provision of staff bonuses amounting to RM0.65 million; and
- (ii) sales and services tax payable of RM0.37 million primarily due to higher billings to customers in the last quarter of FYE 2022 as compared to the last quarter of FYE 2021.
- # Less than RM1,000

12. FINANCIAL INFORMATION (CONT'D)

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and segmental analysis of our consolidated financial statements for the Financial Years Under Review should be read with the Accountants' Report as set out in Section 13 of this Prospectus.

12.3.1 Overview of our operations**(i) Principal activities**

We are a digital solutions and applications development specialist. Our solutions involve digitalising our customers' business operations through the development of mobile and web applications as well as provision of digital platform-based services, as follows:

- (a) development of mobile and web applications;
- (b) provision of digital platform-based services; and
- (c) provision of subscription, hosting, technical support and maintenance services.

For further details, please refer to Sections 7.3.1, 7.3.2 and 7.3.3 of this Prospectus.

(ii) Revenue

Our revenue arises from a range of services including development of mobile and web applications, provision of digital platform-based services, and provision of subscription, hosting, technical support and maintenance services.

Our revenue were mainly denominated in RM, which contributed to approximately 87.8%, 85.6%, 87.1% and 89.5% for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively. The remaining revenue were denominated in USD and SGD, which collectively contributed to approximately 12.2%, 14.4%, 12.9% and 10.5% for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively.

(a) Development of mobile and web applications

Mobile and web applications are software applications designed to digitalise and improve a specific task or function of businesses and companies such as sales and marketing, customer service, warehousing and human resource; as well as to digitalise and improve consumers' daily lives for communication and entertainment purposes, amongst others. We are principally involved in the development of mobile applications for customers (i.e. businesses and companies) from various industries / sectors such as healthcare, logistics, oil and gas, automotive, financial services and government agencies. Apart from the development of mobile applications, we also develop web applications for businesses and companies. The web applications developed for our customers are generally an extended / additional application to complement the mobile applications developed for them as a complete digital solution. Typically, the duration of an application development project ranges from 3 months to 6 months for a single phase, depending on the complexity of the project.

12. FINANCIAL INFORMATION (CONT'D)

Revenue from the development of mobile and web applications comprise multiple promises, which may include project management, procurement of software, software application design, deployment and testing of software application, technical support and its related installation and integration. Our Group determines that each promise in the contract for developing mobile and web applications is distinct and are therefore separate performance obligations. The consideration value for these contracts is usually determined during its origination. The consideration value of the contract is allocated to each performance obligation on the basis of relative standalone selling prices (i.e. observable price of the goods or service which our Group sells separately in similar circumstances and to similar customers) of each distinct service promised in the contract.

Revenue from the development of mobile and web applications is recognised at the point in time when our Group has transferred control of promised service to the customer and the results are shared with the customers.

(b) Provision of digital platform-based services

Our provision of digital platform-based services is intended for our customers (i.e. businesses and companies) to perform different tasks such as hosting events and connecting to / interacting with customers as well as for e-commerce related transactions, amongst others. These digital platform-based services are provided to our customers on a subscription model and / or per-usage / per-event basis based on the pre-agreed rates with our Group.

We launched a blockchain-based RPV application called Vote2U in May 2020 under Agmo Digital Solutions. Vote2U allows public listed companies in Malaysia to conduct AGMs and EGMs virtually and shareholders to perform online voting for resolutions proposed by the companies, amongst others. This expanded our service offerings and created an additional revenue stream for our Group for FYE 2021.

During FYE 2022, we launched a new application under our digital platform-based services segment, namely Agmo Health in November 2021, which is an online health consultation and prescription application that connects our customers (i.e., pharmacies) with licensed medical practitioners (i.e., doctors or health professionals) for medical consultation and prescription sought by consumers (i.e., patients).

Revenue from the provision of digital platform-based services is recognised at the point in time when the service is rendered to the customer.

(c) Provision of subscription, hosting, technical support and maintenance services

We provide subscription, hosting, technical support and maintenance services to businesses and companies for their mobile and web applications. These services are provided for a pre-agreed period typically ranging from 3 months to 12 months, thus generating recurring revenue for our Group.

Our Group provides hosting and subscription services to our customers under several third party cloud computing platforms. The cloud computing platforms used by our Group for our subscription and hosting services comprise Microsoft Azure, AWS and Huawei Cloud. Our subscription and hosting services for mobile and web applications are on quarterly or annual basis and are subject to renewal by our customers. The minimum period for our subscription and hosting services is 3 months.

12. FINANCIAL INFORMATION (CONT'D)

As part of our after-sales service following the completion of application development projects, we generally provide complimentary technical support and maintenance services for a period of 2 months, after the applications go live. Subsequent to that, our customers have the option to continue to engage us for technical support and maintenance for their mobile and web applications on a quarterly / bi-annual / annual basis. The continuous engagements for our technical support and maintenance services are subject to renewal by our customers depending on the customers' requirements. Apart from that, upon customers' request, we also provide technical support and maintenance services to businesses and companies that do not engage us for application development and digital solution. The minimum period of our technical support and maintenance services is 3 months, thus generating recurring revenue for our Group.

Revenue from the provision of subscription, hosting, technical support and maintenance services are billed in advance and recognised over time in the period in which the subscription, hosting, technical support and maintenance services are performed. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because customer receives and uses the benefits simultaneously. As a practical expedient, our Group recognises the revenue on a straight line method over the period of service. The subscription, hosting, technical support and maintenance services can be renewed quarterly, bi-annually or annually.

The services for subscription and hosting as well as technical support and maintenance are ancillary services in comparison to the other business activities, namely development of mobile and web application and digital platform-based services. Whilst subscription and hosting as well as technical support and maintenance services can be offered on a standalone basis, our Group has been offering both services as a single package to our customers, comprising customers who have, and customers who have not, previously engaged our Group for application development projects and digital solutions. Accordingly, the revenue for subscription and hosting as well as technical support and maintenance services are combined and captured under one revenue stream.

(iii) Cost of sales

Cost of sales comprises payroll and related costs, subscription and hosting fees, live streaming expenses and others.

Our payroll and related costs are the main contributor to our cost of sales, representing approximately 87.1%, 89.8%, 79.6% and 83.4% of our total cost of sales for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively. It comprises mainly salaries and other emoluments, defined contribution plan, social security contribution and other benefits.

Our subscription and hosting fees represent approximately 11.8%, 9.7%, 15.3% and 10.5% of our total cost of sales for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively.

Our live streaming expenses represent approximately 4.3% and 2.4% of our total cost of sales for FYE 2021 and FYE 2022, respectively.

Outsourced development services represent approximately 0.5%, Nil%, 0.2% and 3.0% of our total cost of sales for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively.

12. FINANCIAL INFORMATION (CONT'D)

Others represent approximately 0.6%, 0.5%, 0.6% and 0.7% of our total cost of sales for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively.

(iv) Other income

Other income comprises mainly unrealised and realised gain on foreign exchange, bad debt recovered and gain on disposal of an associate.

(v) Net measurement of expected credit losses

Net measurement of expected credit losses comprises expected credit losses and reversal of expected credit losses on trade receivables.

(vi) Selling and marketing expenses

Selling and marketing expenses comprise referral fees incurred to corporate service providers for introducing clients to our Group, and exhibition and marketing expenses.

(vii) Administrative expenses

Administrative expenses comprise mainly personnel-related costs, traveling and accommodation, and legal and professional fees.

(viii) Depreciation

Depreciation comprises depreciation of equipment such as computers and software, office equipment, fixture and fittings and right-of-use assets.

(ix) Other expenses

Other expenses comprise bad debts written off, realised and unrealised loss on foreign exchange and fair value loss on short term investments.

(x) Finance income

Finance income comprises interest from fixed deposits and fixed income funds.

(xi) Finance cost

Finance cost comprises lease liabilities interest arising from the leases of our two office premises, which was recognised pursuant to MFRS 16 Leases.

(xii) Changes to accounting policies and estimates

Save as disclosed in the Accountants' Report as set out in Section 13 of this Prospectus, there were no other changes to our accounting policies and estimates during the Financial Years Under Review.

(xiii) Significant events subsequent to FYE 2022

Save for the interruptions in our business due to COVID-19 and MCO disclosed in Section 7.15 of this Prospectus, there were no significant events subsequent to our Group's audited consolidated financial statements for FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)**(xiv) Exceptional and extraordinary items and audit qualifications**

There were no exceptional or extraordinary items during the Financial Years Under Review. In addition, our audited consolidated financial statements for the Financial Years Under Review were not subject to any audit qualifications.

(xv) Significant factors affecting our business

The risk factors relating to our business and the industry in which we operate, that have an impact on our Group's revenue and financial performance are as follows:

- (a) the project-based nature of our business and / or the timing of delivery may lead to fluctuations in our Group's revenue, profit and operating cash flow;
- (b) our financial performance may be impacted after the expiration of our Pioneer Status, and / or by any changes in the conditions or loss of MSC Malaysia status;
- (c) we are exposed to foreign exchange transaction risks which may impact the profitability of our Group;
- (d) we are exposed to credit risk and default payment by customers;
- (e) our business and operations are exposed to sudden disruptions caused by serious pandemic and epidemic outbreaks;
- (f) we face competition from existing and new digital solution providers and application developers; and
- (g) we are exposed to risks relating to the economic, political, legal and regulatory environments in the countries in which our customers are domiciled.

For further details, please refer to Section 9 of this Prospectus.

12.3.2 Review of results of operations**(i) Revenue**

Our revenue for the Financial Years Under Review was derived from the following:

(a) Revenue by business segments

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Development of mobile and web applications	5,124	94.3	5,414	87.1	7,269	80.4	12,956	78.4
Provision of digital platform-based services	-	-	-	-	703	7.8	1,192	7.2
Provision of subscription, hosting, technical support and maintenance services	311	5.7	800	12.9	1,068	11.8	2,377	14.4
Total	5,435	100.0	6,214	100.0	9,040	100.0	16,525	100.0

12. FINANCIAL INFORMATION (CONT'D)**(b) Revenue by geographical location ⁽¹⁾**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	4,578	84.2	4,766	76.7	7,301	80.8	14,462	87.5
Overseas:								
Hong Kong ⁽²⁾	663	12.2	858	13.8	987	10.9	1,350	8.2
Singapore ⁽³⁾	-	-	18	0.3	722	8.0	647	3.9
Sri Lanka ⁽²⁾	137	2.5	428	6.9	-	-	-	-
Others ⁽⁴⁾	57	1.1	144	2.3	30	0.3	66	0.4
Subtotal	857	15.8	1,448	23.3	1,739	19.2	2,063	12.5
Total	5,435	100.0	6,214	100.0	9,040	100.0	16,525	100.0

Notes:

- (1) The revenue by geographical location is derived based on our customers' countries of domicile. Revenue from overseas market is derived from the services rendered by our Group in Malaysia.
- (2) Our Group has provided the development of mobile and web application services to our customers in Hong Kong and Sri Lanka.
- (3) Our Group has provided the development of mobile and web applications and provision of subscription, hosting, technical support, and maintenance services to our customers in Singapore.
- (4) Others comprise Cambodia, China, Germany, the United Kingdom and Vietnam.

Financial commentaries**Comparison between FYE 2019 and FYE 2020**

Our total revenue increased by approximately RM0.78 million or 14.4% from RM5.43 million for FYE 2019 to RM6.21 million for FYE 2020, contributed by the growth in revenue from the development of mobile and web applications segment and provision of subscription, hosting, technical support and maintenance services segment.

Revenue from the development of mobile and web applications segment was our main revenue contributor, which recorded approximately RM5.12 million or 94.3% of our total revenue for FYE 2019 and RM5.41 million or 87.1% of our total revenue for FYE 2020, respectively.

The Malaysia market was our primary revenue contributor, which recorded approximately RM4.77 million or 76.7% of our total revenue for FYE 2020 and approximately RM4.58 million or 84.2% of our total revenue for FYE 2019. Our revenue from Hong Kong and Sri Lanka were our major revenue contributors from the overseas market in FYE 2020, which recorded revenue of approximately RM0.86 million and RM0.43 million, for FYE 2020 as compared with approximately RM0.66 million and RM0.14 million for FYE 2019, respectively.

Development of mobile and web applications

Revenue from the development of mobile and web applications segment increased by approximately RM0.29 million or 5.7% from RM5.12 million for FYE 2019 to RM5.41 million for FYE 2020, mainly due to the following:

12. FINANCIAL INFORMATION (CONT'D)

- (i) Higher revenue from the following customers:
- projects from Company A, a group of companies comprising entities in Hong Kong and Malaysia, which are subsidiaries of a multinational logistics company with headquarters in Hong Kong, for the enhancement of internal mobile and web applications for its logistics and warehouse management systems, which recorded an increase in revenue of approximately RM0.45 million from RM0.74 million for FYE 2019 to RM1.19 million for FYE 2020; and
 - a project from Company D, our Sri Lanka customer from the hospitality industry, for the enhancement of mobile application for its customer loyalty platform, which recorded an increase in revenue of approximately RM0.29 million from RM0.14 million for FYE 2019 to RM0.43 million for FYE 2020.
- (ii) New projects from the following customers that contributed to our Group's revenue for FYE 2020:
- a project from Bulb Communique Sdn. Bhd., a new local customer from the digital industry, for the development of its mobile and web applications, which contributed approximately RM0.34 million to our revenue for FYE 2020;
 - projects from Pos Malaysia Berhad, a new local customer from the logistic industry, for the development and enhancement of its internal mobile application, which contributed approximately RM0.31 million to our revenue for FYE 2020; and
 - a project from a new local customer from the consumer products industry to develop its internal mobile application, which contributed approximately RM0.20 million to our revenue for FYE 2020.
- (iii) The above increases were partially offset by the decrease in our revenue for FYE 2020, mainly due to the following:
- Petroliam Nasional Berhad, our existing local customer from the oil and gas industry, had undertaken major mobile application content development in FYE 2019 as compared to the enhancement undertaken for its internal mobile application in FYE 2020, resulting in a decrease in revenue of approximately RM0.57 million from RM0.89 million for FYE 2019 to RM0.32 million for FYE 2020;
 - the development of mobile applications projects from Petronas Dagangan Berhad, our existing customer from the oil and gas industry, was completed during FYE 2019, which contributed approximately RM0.39 million to our revenue for FYE 2019. No revenue was recognised for FYE 2020; and
 - lower revenue of approximately RM0.02 million recorded for FYE 2020 as compared with RM0.37 million for FYE 2019 for the development of mobile applications project from Company B, our existing customer from the financial services industry, as the major development work was completed in FYE 2019.

12. FINANCIAL INFORMATION (CONT'D)**Provision of subscription, hosting, technical support and maintenance services**

Our revenue from the provision of subscription, hosting, technical support and maintenance services comprise recurring income as some customers renewed their maintenance contract after the contract expired. Our maintenance services include adaptive, corrective and preventive maintenance services.

Our revenue from the provision of subscription, hosting, technical support and maintenance services segment increased by approximately RM0.49 million or 158.1% from RM0.31 million for FYE 2019 to RM0.80 million for FYE 2020. The increase was contributed mainly by the new maintenance and hosting services contracts secured during FYE 2020 following the completion of the development of web and mobile applications for our customers as follows:

- maintenance and hosting service contract with an existing local customer from the oil and gas industry for its internal website, which contributed approximately RM0.24 million to our revenue for FYE 2020;
- maintenance and hosting service contract with Petroliam Nasional Berhad, an existing local customer from the oil and gas industry for its two (2) new internal mobile applications, which contributed approximately RM0.13 million to our revenue for FYE 2020;
- maintenance service contract with Company B, an existing local customer from the financial industry for its public mobile application, which contributed approximately RM0.05 million to our revenue for FYE 2020; and
- maintenance service contract with an existing local customer from the oil and gas industry for its internal mobile application, which contributed approximately RM0.03 million to our revenue for FYE 2020.

Comparison between FYE 2020 and FYE 2021

Our total revenue increased by approximately RM2.83 million or 45.6% from RM6.21 million for FYE 2020 to RM9.04 million for FYE 2021, mainly contributed by the growth in revenue from the development of mobile and web applications segment. In addition, we generated a new revenue stream from the provision of digital platform-based services segment, when we launched our in-house RPV platform, namely Vote2U, which contributed to 7.8% of our total revenue for FYE 2021.

Revenue from the development of mobile and web applications segment has remained our main revenue contributor, which recorded an improved revenue of approximately RM7.27 million or 80.4% of our total revenue for FYE 2021, as compared with approximately RM5.41 million or 87.1% of our total revenue for FYE 2020.

The Malaysia market has continued as our primary revenue contributor, which recorded approximately RM7.30 million or 80.8% of our total revenue for FYE 2021, as compared with approximately RM4.77 million or 76.7% of our total revenue for FYE 2020. Our revenue from Hong Kong and Singapore were our major revenue contributors from the overseas market, which recorded revenue of approximately RM0.99 million and RM0.72 million, respectively, for FYE 2021, as compared with approximately RM0.86 million and RM0.02 million, respectively, for FYE 2020, with Singapore replacing Sri Lanka as our second highest overseas revenue contributor.

Our Group is of the view that the 45.6% growth in revenue in the FYE 2021 despite the COVID-19 pandemic was attributed to the increasing need for digitalisation from businesses during the pandemic, and implementation of initiatives for digital transformation by the Government of Malaysia. Further, our Group is also of the view that the increase in revenue was not a one-off trend, which is supported by the IMR

12. FINANCIAL INFORMATION (CONT'D)

Report where the mobile and web application development industry is expected to continue on its strong growth trajectory. This is driven by digitalised consumer behaviour and attachment to mobile devices by the general public to perform daily activities, digitalisation of businesses, continuous technology advancement which drives businesses to continuously adopt new or upgrade existing mobile and web applications, and the implementation of digital transformation initiatives by the Government of Malaysia.

Development of mobile and web applications

Revenue from the development of mobile and web applications segment increased by approximately RM1.86 million or 34.4% from RM5.41 million for FYE 2020 to RM7.27 million for FYE 2021, mainly due to the following:

- (i) Higher revenue from the following customers:
 - higher revenue recorded for FYE 2021 from the project from Petroliam Nasional Berhad, our customer from the oil and gas industry for enhancement work, for its internal mobile applications due to broader scopes comprising additional functions and features for the applications as compared with the scope covered for the project undertaken in FYE 2020, which contributed an increase in revenue of approximately RM0.69 million from RM0.32 million for FYE 2020 to RM1.01 million for FYE 2021;
 - higher revenue recorded for FYE 2021 from the project from Company A, one of our customers from the logistic industry from Malaysia and Hong Kong, for the enhancement of its internal mobile and web applications for its logistics and warehouse management systems, due to broader scopes comprising additional functions and features for the applications as compared with the scope covered for the project undertaken in FYE 2020, which recorded an increase in revenue of approximately RM0.60 million from RM1.19 million for FYE 2020 to RM1.79 million for FYE 2021; and
 - projects from Company E, a local customer from the digital industry, for the development of its public mobile application, which recorded an increase in revenue of approximately RM0.44 million from RM0.10 million for FYE 2020 to RM0.54 million for FYE 2021.
- (ii) New projects from the following customers that contributed to our Group's revenue for FYE 2021:
 - a project from Shangri-La International Hotel Management Pte Ltd, our new Singapore customer from the hospitality industry, for the enhancement of its public mobile application, which contributed approximately RM0.40 million to our revenue for FYE 2021; and
 - a project from Company F, a new local customer from the automotive industry, to develop its public mobile application, which contributed approximately RM0.37 million to our revenue for FYE 2021.
- (iii) The above increases were partially offset by the decrease in our revenue for FYE 2021, as there was no revenue contribution for FYE 2021 by the following projects which was completed in FYE 2020:
 - the completion of the public mobile application development project for Company D, our Sri Lanka customer from the hospitality industry in FYE 2020 which contributed approximately RM0.43 million to our revenue for FYE 2020; and

12. FINANCIAL INFORMATION (CONT'D)

- the completion of the mobile and web applications development project for Bulb Communique Sdn. Bhd., our local customer from the digital industry in FYE 2020 which contributed approximately RM0.34 million to our revenue for FYE 2020.

Provision of digital platform-based services

In 2020, we ventured into the provision of digital platform-based services when we launched our in-house RPV platform, namely Vote2U and the first online AGM conducted by Vote2U was held in May 2020.

Accordingly, our new revenue stream, the digital platform-based services segment, recorded approximately RM0.70 million or 7.8% of our total revenue for FYE 2021. Two of our local customers, who are local corporate service providers, have contributed a total of approximately RM0.34 million to our revenue for FYE 2021, representing 48.6% of the revenue from the provision of digital platform-based services segment. The remaining revenue generated from our digital platform-based services segment was solely from local customers which mainly comprises public listed companies in Malaysia.

Provision of subscription, hosting, technical support and maintenance services

Our revenue from the provision of subscription, hosting, technical support and maintenance services segment increased by approximately RM0.27 million or 33.8% from RM0.80 million for FYE 2020 to RM1.07 million for FYE 2021, mainly contributed by the new maintenance services contracts secured during FYE 2021 as per follows:

- maintenance service contract with Shangri-La International Hotel Management Pte Ltd, an existing Singapore customer from the hospitality industry, for its public mobile application, which contributed approximately RM0.13 million to our revenue for FYE 2021;
- additional maintenance service contract with an existing local customer from the oil and gas industry for its internal mobile application, which contributed approximately RM0.06 million to our revenue for FYE 2020; and
- maintenance service contract with Pos Malaysia Berhad, an existing local customer from the logistic industry, for its internal mobile application, which contributed approximately RM0.04 million to our revenue for FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our total revenue further increased by approximately RM7.49 million or 82.9%, from RM9.04 million for FYE 2021 to RM16.53 million for FYE 2022, mainly contributed by the growth in revenue from the development of mobile and web applications segment.

Revenue from the development of mobile and web applications segment has remained as our main revenue contributor, which recorded RM12.96 million, accounting for 78.4% of our total revenue for FYE 2022, as compared with approximately RM7.27 million or 80.4% of our total revenue for FYE 2021.

The Malaysia market has remained as our primary revenue contributor, which recorded approximately RM14.46 million or 87.5% of our total revenue for FYE 2022, as compared with approximately RM7.30 million or 80.8% of our total revenue for FYE 2021. Our revenue from the Hong Kong and Singapore markets has remained as our major revenue contributors from the overseas market, which recorded revenue of approximately RM1.35 million and RM0.65 million, respectively, for FYE 2022, as compared with approximately RM0.99 million and RM0.72 million, respectively, for FYE 2021.

12. FINANCIAL INFORMATION (CONT'D)**Development of mobile and web applications**

Revenue from the development of mobile and web applications segment further grew by approximately RM5.69 million or 78.3%, from RM7.27 million for FYE 2021 to RM12.96 million for FYE 2022, mainly due to the following:

- (i) Higher revenue from the following customers:
- higher revenue from projects from Heydoc International Sdn. Bhd., our existing local customer from the healthcare industry, who is also our investee company, for the development of new features and functions for its consumer-facing mobile and web application, which recorded an increase in revenue of approximately RM1.50 million from RM0.24 million for FYE 2021 to RM1.74 million for FYE 2022; and
 - higher revenue from projects from Pos Malaysia Berhad, our existing local customer from the logistic industry, for the development and enhancement of its internal mobile and web applications, which recorded an increase in revenue of approximately RM0.66 million from RM0.14 million for FYE 2021 to RM0.80 million for FYE 2022.
- (ii) New projects from new customers that contributed approximately RM4.29 million to our Group's revenue for FYE 2022 mainly from the following customers:
- a project from a new local customer from the technology industry for the development of its public mobile application that serves as an investment platform, which contributed approximately RM0.49 million to our revenue for FYE 2022;
 - a project from a new local customer from the technology industry for the development of mobile and web-based business-to-business and business-to-consumer e-commerce platforms, which contributed approximately RM0.42 million to our revenue for FYE 2022;
 - a project from a new local customer from the services industry for the development of its internal web application, which contributed approximately RM0.33 million to our revenue for FYE 2022;
 - a project from a new local customer from the food and beverage industry for the development of its consumer-facing mobile application for food ordering, which contributed approximately RM0.29 million to our revenue for FYE 2022; and
 - a project from a new local customer from the services industry for the development of its public mobile application for social gaming, which contributed approximately RM0.24 million to our revenue for FYE 2022.
- (iii) The above increases were partially offset by the decrease in our revenue for FYE 2022, mainly due to the following:
- Petroliam Nasional Berhad, our existing local customer from the oil and gas industry, had undertaken major enhancement work, for its internal mobile applications due to broader scopes comprising additional functions and features for the applications in FYE 2021 as compared with the scope covered for the project undertaken in FYE 2022, resulting in a decrease in revenue of approximately RM0.64 million from RM1.01 million for FYE 2021 to RM0.37 million for FYE 2022; and

12. FINANCIAL INFORMATION (CONT'D)

- the completion of the public mobile application development projects for Company E, our local customer from the digital industry in FYE 2021 which contributed approximately RM0.54 million to our revenue for FYE 2021.

Provision of digital platform-based services

During FYE 2022, we launched a new application under our digital platform-based services segment, namely Agmo Health in November 2021, which is an online health consultation and prescription application that connects our customers (i.e., pharmacies) with licensed medical practitioners (i.e., doctors or health professionals) for medical consultation and prescription sought by consumers (i.e., patients). As at 31 March 2022, we have one customer (i.e., a pharmacy chain) subscribed to Agmo Health, contributing RM0.04 million to our revenue in FYE 2022.

We recorded higher revenue from this segment of approximately RM0.49 million or 70.0%, from RM0.70 million for FYE 2021 to RM1.19 million for FYE 2022. The said increase was mainly contributed by the revenue growth from our in-house RPV platform, namely Vote2U, due to the increase in the number of events held from 52 events in FYE 2021 to 107 events in FYE 2022.

Two of our existing customers, who are local corporate service providers, collectively contributed approximately RM0.57 million or 47.9% to our revenue from this segment for FYE 2022, as compared to RM0.34 million or 48.6% of our revenue from this segment for FYE 2021. The remaining revenue generated from our digital platform-based services segment was solely from our local customers, mainly comprised of public listed companies in Malaysia.

Provision of subscription, hosting, technical support and maintenance services

Our revenue from the provision of subscription, hosting, technical support and maintenance services segment increased by approximately RM1.31 million or 122.4% from RM1.07 million for FYE 2021 to RM2.38 million for FYE 2022, mainly contributed by the following technical support and maintenance services contracts:

- new subscription, technical support and maintenance contracts secured with Heydoc International Sdn. Bhd., an existing local customer from the healthcare industry, who is also our investee company, for its public mobile application, which contributed approximately RM0.52 million to our revenue for FYE 2022;
- new hosting and maintenance services contracts secured with Pos Malaysia Berhad, our existing local customer from the logistic industry, for its internal mobile applications, which contributed approximately RM0.39 million to our revenue for FYE 2022;
- a new technical support and maintenance services contract secured with our new local customer from the services industry for its public mobile application, which contributed approximately RM0.12 million to our revenue for FYE 2022; and
- a new technical support and maintenance services contract secured with our new local customer from the technology industry for its public mobile application, which contributed approximately RM0.12 million to our revenue for FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)
(ii) Cost of sales, GP and GP margin
(a) Cost of sales by cost component

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Payroll and related costs	2,344	87.1	3,048	89.8	3,511	79.6	7,626	83.4
Subscription and hosting fees	317	11.8	330	9.7	677	15.3	959	10.5
Live streaming expenses	-	-	-	-	188	4.3	220	2.4
Outsourced development services ⁽¹⁾	13	0.5	-	-	9	0.2	277	3.0
Others ⁽²⁾	17	0.6	17	0.5	28	0.6	63	0.7
Total	2,691	100.0	3,395	100.0	4,413	100.0	9,145	100.0

Notes:

- (1) Our Group incurred costs for outsourced development services due to software developer capacity constraints in completing the projects within the agreed timeline with our customers.
- (2) Others comprise mainly software licenses (for software licenses purchased from suppliers such as Adobe for the design of UI/UX of applications) and verification services by scrutineers on the voting results of resolutions under Vote2U.

(b) Cost of sales by business segments

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Development of mobile and web applications	2,521	93.7	2,885	85.0	3,542	80.3	7,336	80.2
Provision of digital platform-based services	-	-	-	-	304	6.9	432	4.7
Provision of subscription, hosting, technical support and maintenance services	170	6.3	510	15.0	567	12.8	1,377	15.1
Total	2,691	100.0	3,395	100.0	4,413	100.0	9,145	100.0

(c) GP and GP margin by business segments

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	GP (RM'000)	GP Margin (%)	GP (RM'000)	GP Margin (%)	GP (RM'000)	GP Margin (%)	GP (RM'000)	GP Margin (%)
Development of mobile and web applications	2,603	50.8	2,529	46.7	3,727	51.3	5,620	43.4

12. FINANCIAL INFORMATION (CONT'D)

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	GP (RM'000)	GP Margin (%)	GP (RM'000)	GP Margin (%)	GP (RM'000)	GP Margin (%)	GP (RM'000)	GP Margin (%)
Provision of digital platform-based services	-	-	-	-	399	56.8	760	63.8
Provision of subscription, hosting, technical support and maintenance services	141	45.3	290	36.3	501	46.9	1,000	42.1
Total	2,744	50.5	2,819	45.4	4,627	51.2	7,380	44.7

Financial commentaries**Comparison between FYE 2019 and FYE 2020**

Our development of mobile and web applications segment was the main contributor to our total cost of sales by business segment for FYE 2020, which recorded approximately RM2.88 million or 85.0% of our total cost of sales for FYE 2020 as compared with approximately RM2.52 million or 93.7% of our total cost of sales for FYE 2019.

Our payroll and related costs was the major contributor to our total cost of sales by cost component for FYE 2020. Our cost of sales increased by approximately RM0.70 million or 26.0% from RM2.69 million for FYE 2019 to RM3.39 million for FYE 2020, despite our revenue grew by approximately 14.4%. Such increase was mainly attributable to the increase in our payroll and related costs of approximately RM0.70 million for FYE 2020, resulting from the following:

- approximately RM0.52 million incurred for the expansion of our software development, project management and quality assurance teams to cater to the anticipated growth in our mobile and web application development projects. Thus, the total headcount for our software development, project management and quality assurance teams increased from 32 staff as at 31 March 2019 to 49 staff as at 31 March 2020; and
- annual salary increment of approximately RM0.18 million.

Our development of mobile and web applications segment was the primary contributor to our total GP for FYE 2020, which recorded approximately RM2.53 million or 89.7% of our total GP for FYE 2020, as compared with approximately RM2.60 million or 94.9% of our total GP for FYE 2019.

Our GP increased by approximately RM0.08 million or 2.9% from RM2.74 million for FYE 2019 to RM2.82 million for FYE 2020, mainly attributable to the revenue growth. Despite the rise in GP, we recorded a lower GP margin of approximately 45.4% for FYE 2020 compared to approximately 50.5% for FYE 2019 due to larger increase in payroll and related costs of 26.0%, as explained above.

12. FINANCIAL INFORMATION (CONT'D)**Development of mobile and web applications**

Our cost of sales for the development of mobile and web applications segment increased by approximately RM0.36 million or 14.3% from RM2.52 million for FYE 2019 to RM2.88 million for FYE 2020, despite revenue for this segment increased by approximately 5.7%, mainly attributable to the higher payroll and related costs as explained above.

As a result, we recorded a lower GP for the development of mobile and web applications segment of approximately RM2.53 million for FYE 2020, as compared with approximately RM2.60 million for FYE 2019, representing a decrease of approximately RM0.07 million or 2.7%. Hence, our GP margin decreased from approximately 50.8% for FYE 2019 to 46.7% for FYE 2020.

Provision of subscription, hosting, technical support and maintenance services

Our cost of sales for the provision of subscription, hosting, technical support and maintenance services segment increased by approximately RM0.34 million or 200.0% from RM0.17 million for FYE 2019 to RM0.51 million for FYE 2020. We recorded a higher GP of approximately RM0.29 million for FYE 2020 for this segment as compared with approximately RM0.14 million for FYE 2019, representing an increase of approximately RM0.15 million or 107.1%. The said increases are in line with the revenue growth of 158.1%.

We recorded a lower GP margin of approximately 36.3% for FYE 2020 compared to approximately 45.3% for FYE 2019 for provision of subscription, hosting, technical support and maintenance services segment, despite the higher GP for FYE 2020, mainly attributable to the larger increase in payroll and related costs as explained above.

Comparison between FYE 2020 and FYE 2021

Our development of mobile and web applications segment has remained the main contributor to our total cost of sales by business segment for FYE 2021, which recorded approximately RM3.54 million or 80.3% of our total cost of sales for FYE 2021, as compared with approximately RM2.88 million or 85.0% of our total cost of sales for FYE 2020.

Our payroll and related costs remained the major contributor to our total cost of sales by cost component for FYE 2021. Our cost of sales further increased by approximately RM1.02 million or 30.1% from RM3.39 million for FYE 2020 to RM4.41 million for FYE 2021, despite our revenue increased by approximately 45.6%, mainly attributable to the following:

- our payroll and related costs increased by approximately RM0.46 million for FYE 2021, mainly attributable to the annual salary increment of approximately RM0.21 million, and approximately RM0.25 million incurred for the further expansion of our software development, project management and quality assurance teams in FYE 2021. Thus, the total headcount for our software development, project management and quality assurance teams increased further to 54 staff as at 31 March 2021;
- an increase in our subscription and hosting fees of approximately RM0.35 million for FYE 2021, mainly attributable to the growth in demand for subscription and hosting services; and
- our live streaming expenses incurred of approximately RM0.19 million for our new revenue stream, i.e. provision of digital platform-based services.

12. FINANCIAL INFORMATION (CONT'D)

Our development of mobile and web applications segment has continued as the main contributor to our total GP, which recorded approximately RM3.73 million or 80.6% of our total GP for FYE 2021, as compared with approximately RM2.53 million or 89.7% of our total GP for FYE 2020.

Our GP improved further by approximately RM1.81 million or 64.2% from RM2.82 million for FYE 2020 to RM4.63 million for FYE 2021, mainly attributable to the revenue growth. Our GP margin improved from approximately 45.4% for FYE 2020 to approximately 51.2% for FYE 2021, contributed by the higher GP margin from all business segments.

Development of mobile and web applications

Our cost of sales for the development of mobile and web applications segment increased further by approximately RM0.66 million or 22.9% from RM2.88 million for FYE 2020 to RM3.54 million for FYE 2021. The increase was mainly attributable to the increase in payroll and related costs.

We recorded a higher GP for the development of mobile and web applications segment of approximately RM3.73 million for FYE 2021, as compared with approximately RM2.53 million for FYE 2020, representing an increase of approximately RM1.20 million or 47.4% due to revenue growth. Our GP margin increased from approximately 46.7% for FYE 2020 to 51.3% for FYE 2021. Such increase was mainly attributable to the higher growth in our revenue from this segment for FYE 2021 as compared to the increase in our cost of sales, i.e., payroll and related costs.

Provision of digital platform-based services

Our provision of digital platform-based services segment had recorded approximately RM0.30 million or 6.9% of our total cost of sales for FYE 2021, which comprise mainly live streaming services to conduct the virtual AGMs and EGMs, hosting fees and staff costs.

Our provision of digital platform-based services segment had contributed to our GP of approximately RM0.40 million and GP margin of approximately 56.8% for FYE 2021.

Provision of subscription, hosting, technical support and maintenance services

Our cost of sales for the provision of subscription, hosting, technical support and maintenance services segment increased by approximately RM0.06 million or 11.8% from RM0.51 million for FYE 2020 to RM0.57 million for FYE 2021. The increase was mainly attributable to the higher payroll and related costs.

We recorded a higher GP for provision of subscription, hosting, technical support and maintenance services segment of approximately RM0.50 million for FYE 2021, as compared with approximately RM0.29 million for FYE 2020, representing an increase of approximately RM0.21 million or 72.4% due to revenue growth. Our GP margin increased from approximately 36.3% for FYE 2020 to 46.9% for FYE 2021, mainly attributable to more maintenance service contracts during FYE 2021, whilst the increase in the main component of our cost of sales, i.e., payroll and related costs, was lower than our revenue growth.

Comparison between FYE 2021 and FYE 2022

Our development of mobile and web applications segment has remained the main contributor to our total cost of sales by business segment for FYE 2022, which recorded approximately RM7.34 million or 80.2% of our total cost of sales for FYE 2022, as compared with approximately RM3.54 million or 80.3% of our total cost of sales for FYE 2021.

12. FINANCIAL INFORMATION (CONT'D)

Our payroll and related costs remained the major contributor to our total cost of sales by cost components for FYE 2022. Our cost of sales further increased by approximately RM4.74 million or 107.5%, from approximately RM4.41 million for FYE 2021 to approximately RM9.15 million for FYE 2022, despite our revenue grew by approximately 82.9%, mainly attributable to the following:

- our payroll and related costs increased by approximately RM4.11 million in FYE 2022, mainly attributable to approximately RM2.91 million incurred for expanding our software development, project management and quality assurance teams during FYE 2022. The total headcount for our software development, project management and quality assurance teams increased from 54 staff as at 31 March 2021 to 108 staff as at 31 March 2022. In addition, the annual salary increment had also contributed to the higher payroll and related costs;
- our subscription and hosting fees increased by approximately RM0.29 million for FYE 2022, primarily attributable to the growth in demand for subscription and hosting services; and
- higher outsourced application development services, which increased by approximately RM0.27 million, mainly due to software developer capacity constraints in completing the projects within the agreed timeline with our customers.

Our development of mobile and web applications segment has continued as the main contributor to our total GP, which recorded approximately RM5.62 million or 76.2% of our total GP for FYE 2022, as compared with approximately RM3.73 million or 80.6% of our total GP for FYE 2021.

Our GP improved further by approximately RM2.75 million or 59.40%, from RM4.63 million for FYE 2021 to RM7.38 million for FYE 2022, mainly attributable to our revenue growth in FYE 2022. Despite our GP increased, we recorded a lower GP margin of approximately 44.7% for FYE 2022 than 51.2% for FYE 2021. The said decrease was primarily attributable to the increase of the main component of our cost of sales, i.e., payroll and related costs by 117.2%, as compared with our revenue growth rate of 82.9%, due to the reasons explained above.

Development of mobile and web applications

Our cost of sales for the development of mobile and web applications segment increased further by approximately RM3.80 million or 107.3%, from RM3.54 million for FYE 2021 to RM7.34 million for FYE 2022, despite revenue for this segment increased by approximately 78.3%, primarily attributable to the higher payroll and related costs as explained above.

We recorded a higher GP for the development of mobile and web applications segment of approximately RM5.62 million for FYE 2022, as compared with approximately RM3.73 million for FYE 2021, representing an increase of approximately RM1.89 million or 50.7% due to our revenue growth in FYE 2022. However, we recorded a lower GP margin, which decreased from approximately 51.3% for FYE 2021 to 43.4% for FYE 2022. Such decrease was mainly attributable to the higher cost of sales, i.e., payroll and related costs from this segment for FYE 2022, as compared to the increase in our revenue.

12. FINANCIAL INFORMATION (CONT'D)

Provision of digital platform-based services

Our cost of sales incurred for the provision of digital platform-based services segment increased by approximately RM0.13 million or 43.3%, from RM0.30 million for FYE 2021 to RM0.43 million for FYE 2022. The costs incurred were primarily for live streaming services to conduct the virtual meetings. The related charges vary based on the types of events held and the ancillary services required by clients, such as the mode of conduct for the meetings, meeting rehearsals and scrutineer services. The increase was mainly due to the higher number of events held during FYE 2022 of 107 events, as compared with 52 events during FYE 2021. Although the number of events held in FYE 2022 were higher than FYE 2021 (FYE 2022: 107 events, FYE 2021: 52 events) with an increase of 105.8%, the increase in cost of sales recorded was merely 43.3%. This is mainly due to certain events in FYE 2022 having different or less ancillary services as compared with events held in FYE 2021.

As a result, we recorded a higher GP for the provision of digital platform-based services segment of approximately RM0.76 million for FYE 2022, as compared with approximately RM0.40 million for FYE 2021, representing an increase of approximately RM0.36 million or 90.0%. Our GP margin increased from approximately 56.8% for FYE 2021 to 63.8% for FYE 2022. The said increase was mainly attributable to the different ancillary services provided for the events conducted during FYE 2022 as compared with the previous financial year, and the average cost per event for FYE 2022 incurred were lower than FYE 2021 as the costs varied based on the types of ancillary services offered to our customers, thus yielding a better GP margin.

Provision of subscription, hosting, technical support and maintenance services

Our cost of sales for the provision of subscription, hosting, technical support and maintenance services segment increased by approximately RM0.81 million or 142.1%, from RM0.57 million for FYE 2021 to RM1.38 million for FYE 2022. Such increase was mainly attributable to the higher payroll and related costs of approximately RM0.60 million due to the reasons explained above, as well as higher hosting and subscription fees incurred of RM0.21 million, primarily resulting from the growth in demand for our subscription and hosting services.

Our recorded GP for the provision of subscription, hosting, technical support and maintenance services segment of approximately RM1.00 million for FYE 2022, as compared with approximately RM0.50 million for FYE 2021, representing an increase of approximately RM0.50 million or 100.0% due to our revenue growth in FYE 2022. However, our GP margin decreased from approximately 46.9% for FYE 2021 to 42.1% for FYE 2022, mainly attributable to higher payroll and related costs due to the reasons explained above.

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12. FINANCIAL INFORMATION (CONT'D)**(iii) Other income**

The breakdown of our other income for the Financial Years Under Review is as follows:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Unrealised gain on foreign exchange	-	-	12	100.0	-	-	3	1.4
Realised gain on foreign exchange	-	-	-	-	2	100.0	-	-
Bad debt recovered	-	-	-	-	-	-	2	1.0
Gain on disposal of an associate	-	-	-	-	-	-	200	96.6
Miscellaneous income ⁽¹⁾	1	100.0	-	-	-	-	2	1.0
Total	1	100.0	12	100.0	2	100.0	207	100.0

Note:

(1) Representing one-off promotional interest income for performing payroll transactions via the bank account maintained with a financial institution for FYE 2019 and the rebate from corporate credit card usage for FYE 2022.

Financial commentaries**Comparison between FYE 2019 and FYE 2020**

Our other income increased by approximately RM0.01 million or 100.0%, contributed by unrealised gain on foreign exchange for FYE 2020 arising from the outstanding trade receivables denominated in USD. There were no foreign currency balances as at the end of FYE 2019.

Comparison between FYE 2020 and FYE 2021

Our other income decreased by approximately RM0.01 million or 100.0%, due to the absence of unrealised gain on foreign exchange for FYE 2021 as USD weakening against RM as at end of FYE 2021 (2021: USD1:RM4.16; 2020: USD1:RM4.30).

Comparison between FYE 2021 and FYE 2022

Our other income increased by approximately RM0.21 million, mainly due to the gain from disposal of an associate, namely Appstremely Sdn. Bhd., of approximately RM0.20 million in September 2021.

(iv) Net measurement of expected credit losses

The breakdown of net measurement of expected credit losses for the Financial Years Under Review is as follows:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Expected credit losses	11	100.0	-	-	225	100.0	-	-
Reversal of expected credit losses	-	-	(11)	100.0	-	-	(192)	100.0
Total	11	100.0	(11)	100.0	225	100.0	(192)	100.0

12. FINANCIAL INFORMATION (CONT'D)**Financial commentaries****Comparison between FYE 2019 and FYE 2020**

Our Group's net measurement of expected credit losses for FYE 2019 relates to one customer, of which the Group had no reasonable expectation in recovering the outstanding amount. The said allowance for expected credit losses was reversed during FYE 2020 as the amount due from that customer was written off during FYE 2020.

Comparison between FYE 2020 and FYE 2021

The net measurement of expected credit losses for FYE 2021 was in respect of two customers, of which the Group had no reasonable expectation in recovering the outstanding amounts. Both customers are not our major customers, and there were no subsisting transactions with such customers.

Comparison between FYE 2021 and FYE 2022

The reversal of expected credit losses recorded in FYE 2022 was in respect of an amount due from one customer that was impaired during FYE 2021 and subsequently fully collected during FYE 2022. There were no additional provisions for expected credit losses during FYE 2022 compared with FYE 2021.

(v) Selling and marketing expenses

The breakdown of our selling and marketing expenses for the Financial Years Under Review is as follows:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Exhibition and marketing expenses	3	100.0	6	100.0	#	-	-	-
Referral fees	-	-	-	-	40	100.0	12	100.0
Total	3	100.0	6	100.0	40	100.0	12	100.0

Note:

Less than RM1,000

Financial commentaries**Comparison between FYE 2019 and FYE 2020**

Our Group's selling and marketing expenses were fairly consistent for FYE 2019 and FYE 2020.

Comparison between FYE 2020 and FYE 2021

Our Group's selling and marketing expenses increased by approximately RM0.03 million from RM0.01 million for FYE 2020 to RM0.04 million for FYE 2021. The increase was mainly due to referral fees incurred to corporate service providers for introducing clients to our Group. The decrease in exhibition and marketing expenses incurred for FYE 2021 was mainly due to movement restrictions resulting from the COVID-19 pandemic and, thus, lesser exhibition and marketing expenses incurred in FYE 2021.

12. FINANCIAL INFORMATION (CONT'D)**Comparison between FYE 2021 and FYE 2022**

Our Group's selling and marketing expenses decreased by approximately RM0.03 million from RM0.04 million for FYE 2021 to RM0.01 million for FYE 2022, mainly attributable to lower referral fees incurred to corporate service providers for introducing clients to our Group. The said decrease was primarily due to the lower number of events with ancillary services (such as rehearsals) hosted for clients referred to our Group by the corporate service providers during FYE 2022 compared to FYE 2021.

(vi) Administrative expenses

The breakdown of our administrative expenses for the Financial Years Under Review is as follows:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Personnel related costs ⁽¹⁾	143	49.0	217	53.1	176	44.9	455	68.1
Traveling and accommodation	41	14.0	64	15.7	15	3.8	11	1.7
Telecommunication and internet charges	16	5.5	18	4.4	22	5.6	25	3.7
Office supplies and maintenance	11	3.8	13	3.2	12	3.1	13	1.9
Gifts, donations and sponsorship fees ⁽²⁾	15	5.1	10	2.4	1	0.3	-	-
Registration and license fees	16	5.5	13	3.2	16	4.1	8	1.2
Legal and professional fees	43	14.7	56	13.7	112	28.6	132	19.8
Subscription fees	1	0.3	6	1.5	9	2.3	6	0.9
Others ⁽³⁾	6	2.1	12	2.8	29	7.3	18	2.7
Total	292	100.0	409	100.0	392	100.0	668	100.0

Notes:

- (1) Comprise mainly staff salaries, staff recruitment expenses, staff benefits, training expenses and directors' fees.
- (2) Gifts, donations and sponsorship fees comprise mainly the contribution of scholarship funding in return for the placement of a university student in our Group's internship programme and sponsorships for corporate events.
- (3) Others mainly comprise incorporation fees for our new subsidiaries, namely Agmo Digital Solution, Agmo Tech and Agmo Sierra, and insurance expenses.

Financial commentaries**Comparison between FYE 2019 and FYE 2020**

Our administrative expenses increased by approximately RM0.11 million or 37.9% from RM0.29 million for FYE 2019 to RM0.40 million for FYE 2020. The said increase was mainly attributable to the following:

- (a) personnel related costs increased by approximately RM0.07 million, which was mainly due to costs incurred for our company trip and annual dinner;

12. FINANCIAL INFORMATION (CONT'D)

- (b) traveling and accommodation increased by approximately RM0.02 million, mainly due to an increase in overseas traveling expenses for participating in conferences; and
- (c) legal and professional fees increased by approximately RM0.01 million, mainly due to increased audit fees for statutory audit of our Group's financial statements which adopted the Malaysian Financial Reporting Standards for the first time in FYE 2020.

Comparison between FYE 2020 and FYE 2021

Our administrative expenses decreased by approximately RM0.02 million or 4.9% from RM0.41 million for FYE 2020 to RM0.39 million for FYE 2021. The said decrease was mainly attributable to the following:

- (a) personnel related costs decreased by approximately RM0.04 million, mainly due to the cancellation of our company trip and annual dinner in FYE 2021 as a result of the worldwide COVID-19 pandemic; and
- (b) travelling and accommodation expenses decreased by approximately RM0.05 million as a result of lower overseas travelling expenses due to movement restrictions as a result of the COVID-19 pandemic.

The above decreases were partially offset by the increase in legal and professional fees by approximately RM0.06 million, mainly as a result of professional fees incurred for our digital platform-based services, i.e., Vote2U, of approximately RM0.03 million and legal fees incurred for corporate exercise relating to Agmo Sierra of approximately RM0.02 million.

Comparison between FYE 2021 and FYE 2022

Our administrative expenses increased by approximately RM0.28 million or 71.8%, from RM0.39 million for FYE 2021 to RM0.67 million for FYE 2022. Such increase was mainly attributable to the increase in personnel-related costs by approximately RM0.28 million, resulting from the recruitment of additional finance personnel and higher staff benefits incurred due to our Group's overall increased headcount.

(vii) Depreciation

The breakdown of our Group's depreciation for the Financial Years Under Review is as follows:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Depreciation of:								
- Computer and software	26	86.7	33	86.8	43	87.8	82	47.4
- Office equipment	4	13.3	5	13.2	6	12.2	7	4.0
- Fixture and fittings	-	-	-	-	-	-	1	0.6
- Right-of-use assets	-	-	-	-	-	-	83	48.0
Total	30	100.0	38	100.0	49	100.0	173	100.0

12. FINANCIAL INFORMATION (CONT'D)**Financial commentaries****Comparison between FYE 2019 and FYE 2020**

Our depreciation increased by approximately RM0.01 million or 33.3% from RM0.03 million for FYE 2019 to RM0.04 million for FYE 2020. The increase was mainly due to additional computers and softwares purchased during FYE 2020.

Comparison between FYE 2020 and FYE 2021

Our depreciation increased by approximately RM0.01 million or 25.0% from RM0.04 million for FYE 2020 to RM0.05 million for FYE 2021. The increase was mainly due to additional computers and softwares purchased during FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our depreciation increased by approximately RM0.12 million or 240.0%, from RM0.05 million for FYE 2021 to RM0.17 million for FYE 2022. Such increase was mainly due to depreciation for the right-of-use assets from leasing two office premises during FYE 2022 of approximately RM0.08 million, and higher depreciation for computers and software resulting from the additional computers and software purchased during FYE 2022.

(viii) Other expenses

The breakdown of our Group's other expenses for the Financial Years Under Review is as follows:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bad debts written off ⁽¹⁾	44	88.0	11	100.0	45	97.8	-	-
Realised loss on foreign exchange	6	12.0	#	-	-	-	19	47.5
Unrealised loss on foreign exchange	-	-	-	-	1	2.2	-	-
Fair value loss on short term investment ⁽²⁾	-	-	-	-	-	-	21	52.5
Total	50	100.0	11	100.0	46	100.0	40	100.0

Notes:

(1) *Bad debts written off were due to long outstanding debts that had no reasonable expectation of recovery. The bad debts written off during the Financial Years Under Review were not from our major customers, and our Group has ceased to provide services to these customers.*

(2) *The fair value loss on short term investment arose from the remeasurement of the short term investment placed with a licensed financial services provider at market value at the end of FYE 2022.*

Less than RM1,000

12. FINANCIAL INFORMATION (CONT'D)**Financial commentaries****Comparison between FYE 2019 and FYE 2020**

Our other expenses decreased by approximately RM0.04 million or 80.0% from RM0.05 million for FYE 2019 to RM0.01 million for FYE 2020. The decrease was mainly due to lower bad debts written off of approximately RM0.03 million resulting from lesser long outstanding debts that have no reasonable expectation of recovery.

Comparison between FYE 2020 and FYE 2021

Our other expenses increased by approximately RM0.04 million or 400.0% from RM0.01 million for FYE 2020 to RM0.05 million for FYE 2021. The increase was mainly due to higher bad debts written off of approximately RM0.03 million resulting from larger long outstanding debts that have no reasonable expectation of recovery.

Comparison between FYE 2021 and FYE 2022

Our other expenses decreased by approximately RM0.01 million or 20.0%, from RM0.05 million for FYE 2021 to RM0.04 million for FYE 2022. The decrease was mainly due to bad debts written off during FYE 2021 of approximately RM0.05 million, which resulted from long outstanding debts that have no reasonable expectation of recovery.

The above decrease was offset partially by the following:

- (a) fair value loss on short term investment of approximately RM0.02 million; and
- (b) realised loss on foreign exchange of approximately RM0.02 million arising from collections of trade receivables denominated in USD during FYE 2022 as USD weakened against RM (FYE 2022: average USD1:RM4.12; FYE 2021: average USD1: RM4.16).

(ix) Finance income

The breakdown of our finance income for the Financial Years Under Review is as follows:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest from fixed deposits	51	65.4	8	6.7	189	100.0	94	100.0
Interest from fixed income fund	27	34.6	112	93.3	-	-	-	-
Total	78	100.0	120	100.0	189	100.0	94	100.0

Financial commentaries**Comparison between FYE 2019 and FYE 2020**

Our finance income increased by approximately RM0.04 million or 50.0% from RM0.08 million for FYE 2019 to RM0.12 million for FYE 2020. The increase was mainly attributable to higher interests from fixed income funds, which grew by approximately RM0.08 million, due to an increase in investments made during FYE 2020 as compared to FYE 2019. The said increase was offset partially by the lower fixed deposit interests, which decreased by approximately RM0.04 million, due to lesser fixed deposits placed during FYE 2020 as compared to FYE 2019 as we diverted our investments from fixed deposits to the higher yielding fixed income funds.

12. FINANCIAL INFORMATION (CONT'D)**Comparison between FYE 2020 and FYE 2021**

Our finance income increased by approximately RM0.07 million or 58.3% from RM0.12 million for FYE 2020 to RM0.19 million for FYE 2021. The increase was mainly attributable to higher fixed deposit interests, which grew by approximately RM0.18 million for FYE 2021 due to higher fixed deposits placed during FYE 2021 as compared to FYE 2020. The said increase was offset partially by the decrease in interests from the fixed income fund by approximately RM0.11 million to RM Nil for FYE 2021 as we rebalanced our investment portfolio to account for the change in risk factors due to the COVID-19 pandemic in FYE 2021. We divested all fixed income funds at the end of FYE 2020. Thus, we did not record any interest from the fixed income fund for FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our finance income comprises interest from fixed deposits, which decreased by approximately RM0.10 million or 52.6% from RM0.19 million for FYE 2021 to RM0.09 million for FYE 2022. The decrease was mainly due to lesser fixed deposits placed during FYE 2022.

(x) Finance cost

The breakdown of our Group's finance cost for the Financial Years Under Review is as follows:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Lease liabilities	-	-	-	-	-	-	22	100.0

There were no finance costs incurred for FYE 2019 to FYE 2021.

Our finance cost for FYE 2022 comprises lease liabilities interests arising from the leases of our two office premises during FYE 2022, which was recognised pursuant to MFRS 16 Leases.

(xi) PBT, PBT margin, PAT, PAT margin, PATAMI and PATAMI margin

Our PBT, PBT margin, PAT, PAT margin, PATAMI and PATAMI margin for the Financial Years Under Review are as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
PBT (RM'000)	2,437	2,498	4,066	6,954
PBT margin (%)	44.8	40.2	45.0	42.1
PAT (RM'000)	2,412	2,496	4,004	6,738
PAT margin (%)	44.4	40.2	44.3	40.8
PATAMI (RM'000)	2,412	2,496	4,004	6,692
PATAMI margin (%)	44.4	40.2	44.3	40.5

12. FINANCIAL INFORMATION (CONT'D)

Financial commentaries**Comparison between FYE 2019 and FYE 2020**

We recorded an increase of approximately RM0.06 million or 2.5% in our PBT, from RM2.44 million for FYE 2019 to RM2.50 million for FYE 2020, which was consistent with the higher GP recorded for FYE 2020 as compared to the preceding financial year. As a result, our PAT and PATAMI increased from approximately RM2.41 million for FYE 2019 to RM2.50 million for FYE 2020, an increase of approximately RM0.09 million or 3.7% in our PAT.

Our PBT margin decreased from approximately 44.8% for FYE 2019 to 40.2% for FYE 2020, which was consistent with the decrease in our GP margin. Correspondingly, our PAT margin and PATAMI margin also decreased from approximately 44.4% for FYE 2019 to 40.2% for FYE 2020.

Comparison between FYE 2020 and FYE 2021

We recorded a further increase in PBT by approximately RM1.57 million or 62.8%, from RM2.50 million for FYE 2020 to RM4.07 million for FYE 2021. The increase in PBT was mainly due to the higher GP for FYE 2021 as compared to the preceding financial year. As a result, our PAT and PATAMI increased from approximately RM2.50 million for FYE 2020 to RM4.00 million for FYE 2021, an increase of approximately RM1.50 million or 60.0% in our PAT.

Our PBT margin improved from approximately 40.2% for FYE 2020 to 45.0% for FYE 2021, mainly attributed to the higher GP margin. Correspondingly, our PAT margin and PATAMI margin also increased from approximately 40.2% for FYE 2020 to 44.3% for FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our PBT continued to increase by approximately RM2.88 million or 70.8%, from RM4.07 million for FYE 2021 to RM6.95 million for FYE 2022, mainly due to the higher revenue and GP for FYE 2022 as compared to the preceding financial year. As a result, we recorded higher PAT, which increased by approximately RM2.74 million or 68.5%, from approximately RM4.00 million for FYE 2021 to RM6.74 million for FYE 2022. Our PATAMI also further increased from approximately RM4.00 million for FYE 2021 to RM6.69 million for FYE 2022, which improved by approximately RM2.69 million or 67.25% of our PATAMI.

Our PBT margin decreased from approximately 45.0% for FYE 2021 to 42.1% for FYE 2022, which was consistent with the decrease in our GP margin. Correspondingly, our PAT margin decreased from approximately 44.3% for FYE 2021 to 40.8% for FYE 2022. Thus, we recorded a lower PATAMI margin of 40.5% for FYE 2022, compared with the previous financial year of approximately 44.3%.

12. FINANCIAL INFORMATION (CONT'D)**(xii) Taxation**

Our Group's taxation and effective tax rate for the Financial Years Under Review is as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current year	12	2	45	179
Under provision in prior year	10	-	-	4
Deferred tax:				
Current year	1	-	17	35
Under / (Over) provision in prior year	2	-	-	(2)
Total	25	2	62	216
Taxation (RM'000)	25	2	62	216
Effective tax rate (%)	1.0	0.1	1.5	3.1
Statutory tax rate (%)	24.0	24.0	24.0	24.0

Financial commentaries

As disclosed in Section 7.20 of this Prospectus, Agmo Studio has been granted an incentive under the MSC Malaysia status. Agmo Studio had enjoyed full tax exemption on its statutory income from its pioneer activities for 5 years from 11 December 2012 under the Promotion of Investments Act 1986. This incentive granted was extended for another 5-years, from 11 December 2017 to 10 December 2022. Thereafter, the Pioneer Status can no longer be extended upon expiry. All revenue generated by Agmo Studio is from its pioneer activities and therefore is not subjected to income tax during these periods.

Our effective tax rate of approximately 1.0%, 0.1%, 1.5% and 3.1% for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively were lower than the statutory tax rate of 24.0%, mainly due to Agmo Studio, one of our Subsidiaries, is the main contributor to our revenue and profit for the Financial Years Under Review. Agmo Studio had contributed 100.0%, 100.0%, 90.0% and 86.7% of our revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively. The tax expenses for FYE 2019 to FYE 2021 were mainly from non-tax exempted income on interests from fixed deposits and fixed income funds. The tax expense for FYE 2022 was mainly from non-tax exempted income on interests from fixed deposits and taxable income contributed by two of our subsidiaries, i.e., Agmo Digital Solutions and Agmo Sierra. Therefore, our Group recorded a higher effective tax rate for FYE 2022.

Comparison between FYE 2019 and FYE 2020

Our tax expenses decreased by approximately RM0.03 million from RM0.03 million for FYE 2019 to RM1,988 for FYE 2020, mainly due to lower interests from fixed deposits, and there was no underprovision of current tax and deferred tax in the prior year for FYE 2020.

Comparison between FYE 2020 and FYE 2021

Our tax expenses increased by approximately RM0.06 million from RM1,988 in FYE 2020 to RM0.06 million in FYE 2021. Such increase was mainly due to higher interests from fixed deposits and no recognition of the deferred tax assets for unused tax losses as a result of the uncertainty as to whether sufficient taxable profits will be available to utilise these unrecognised deferred tax assets.

12. FINANCIAL INFORMATION (CONT'D)**Comparison between FYE 2021 and FYE 2022**

Our Group's tax expenses increased by approximately RM0.16 million or 266.7% from RM0.06 million in FYE 2021 to RM0.22 million in FYE 2022. The said increase was mainly attributable to the following:

- (a) the increase in taxable income contributed by two of our subsidiaries, i.e., Agmo Digital Solutions and Agmo Sierra. The tax expenses for Agmo Digital Solutions and Agmo Sierra for FYE 2022 were RM0.09 million and RM0.10 million, respectively;
- (b) non-recognition of deferred tax assets in respect of unused tax losses, unabsorbed capital allowances and provisions related to one of our subsidiaries, Agmo Tech due to the uncertainty as to whether sufficient taxable profits will be available to utilise these unrecognised deferred tax assets; and
- (c) certain expenses which were not deductible for tax reporting purposes, comprise mainly accrued personnel-related costs.

12.3.3 Review of cash flows

The following table sets out the summary of the consolidated statements of cash flows for Financial Years Under Review, which have been extracted from the Accountants' Report set out in Section 13 of this Prospectus and should be read in conjunction thereto:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Net cash flows from operating activities	2,051	2,129	2,136	5,776
Net cash flows from/(used in) investing activities	2	9	(1,385)	(295)
Net cash flows used in financing activities	(300)	(121)	(6,000)	(3,078)
Cash and cash equivalents				
Net changes	1,753	2,017	(5,249)	2,403
At the beginning of the financial year	4,020	5,773	7,790	2,541
At the end of the financial year	5,773	7,790	2,541	4,944

Financial commentaries**FYE 2019****(i) Net cash flows from operating activities**

For FYE 2019, our Group recorded a net operating cash inflow of approximately RM2.05 million. We collected approximately RM4.97 million from customers.

The above collections were offset by cash payments of approximately RM2.92 million in respect of the following:

- (a) payments for personnel-related costs and other operating expenses of approximately RM2.60 million; and
- (b) payments to our suppliers of approximately RM0.32 million comprise mainly subscription and hosting fees.

(ii) Net cash flows from investing activities

For FYE 2019, our Group recorded net cash inflows of approximately RM2,180 from our investing activities due to the following:

12. FINANCIAL INFORMATION (CONT'D)

- (a) interest income of approximately RM0.08 million received from fixed deposits and fixed income funds;
- (b) purchase of laptops of approximately RM0.07 million for our business operations; and
- (c) advances to a Director of approximately RM0.01 million. The advances to a Director were not made on an arm's length basis as they were unsecured, non-interest bearing and receivable up to 3 years from disbursement date. As at the LPD, the amount has been fully settled. Please refer to Section 10.1.4 of this Prospectus for details on the outstanding balance for the amount due from a Director.

(iii) **Net cash flows used in financing activities**

For FYE 2019, our Group recorded net cash outflows of approximately RM0.30 million from our financing activities due to payment of the interim dividend declared for FYE 2019.

FYE 2020

(i) **Net cash flows from operating activities**

For FYE 2020, our Group recorded a net operating cash inflow of approximately RM2.13 million. We collected approximately RM5.82 million from customers.

The above collections were offset by cash payments of approximately RM3.69 million in respect of the following:

- (a) payments for personnel related costs and other operating expenses of approximately RM3.29 million;
- (b) payments to our suppliers of approximately RM0.30 million comprise mainly subscription and hosting fees;
- (c) tax payments to the Inland Revenue Board of approximately RM0.02 million; and
- (d) advance to our investee company, namely Heydoc International Sdn. Bhd. of approximately RM0.08 million, which was fully settled subsequent to FYE 2021. This advance was not made on an arm's length basis as it is unsecured, interest free and repayable on demand.

(ii) **Net cash flows from investing activities**

For FYE 2020, our Group recorded net cash inflows of approximately RM0.01 million from our investing activities due to the following:

- (a) interest income of approximately RM0.12 million received from fixed deposits and fixed income funds;
- (b) advances to a Director of approximately RM0.01 million. The advances to a Director was not made on an arm's length basis as they were unsecured, non-interest bearing and receivable up to 3 years from disbursement date. As at the LPD, the amount has been fully settled. Please refer to Section 10.1.4 of this Prospectus for details on the outstanding balance for the amount due from a Director;

12. FINANCIAL INFORMATION (CONT'D)

- (c) purchase of laptops of approximately RM0.07 million for our business operations; and
- (d) placement of fixed deposits placed with a licensed bank of approximately RM0.03 million.

(iii) Net cash flows used in financing activities

For FYE 2020, our Group recorded net cash outflows of approximately RM0.12 million from our financing activities due to payment of the final dividend declared for FYE 2019.

FYE 2021

(i) Net cash flows from operating activities

For FYE 2021, our Group recorded a net operating cash inflow of approximately RM2.14 million. We collected approximately RM7.11 million from customers.

The above collections were offset by cash payments of approximately RM4.97 million in respect of the following:

- (a) payments for personnel related costs and other operating expenses of approximately RM3.93 million;
- (b) payments to our suppliers of approximately RM1.00 million comprise mainly subscription and hosting fees and live streaming expenses; and
- (c) tax payments to the Inland Revenue Board of approximately RM0.04 million.

(ii) Net cash flows used in investing activities

For FYE 2021, our Group recorded net cash outflows of RM1.39 million from our investing activities due to the following:

- (a) interest income of approximately RM0.19 million received from fixed deposits;
- (b) repayments from a Director of approximately RM0.02 million for advances granted to a Director. Further details of the transaction are set out in Section 10.1.4 of this Prospectus;
- (c) placement of fixed deposits with tenure of more than three months placed with licensed banks of approximately RM1.53 million; and
- (d) purchase of laptops of approximately RM0.07 million for our business operations.

(iii) Net cash flows used in financing activities

For FYE 2021, our Group recorded net cash outflows of approximately RM6.00 million from our financing activities due to payment of the final dividends declared for FYE 2020 and FYE 2021, amounting to approximately RM3.00 million for each financial year, respectively.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2022****(i) Net cash flows from operating activities**

For FYE 2022, our Group recorded a net operating cash inflow of approximately RM5.78 million. We collected approximately RM15.89 million from our customers.

The above collections were offset by cash payments of approximately RM10.11 million in respect of the following:

- (a) payments for personnel related costs, other operating expenses and selling and marketing expenses of approximately RM8.74 million;
- (b) payments to our suppliers of approximately RM1.20 million, comprise mainly subscription and hosting fees and live streaming expenses; and
- (c) tax payments to the Inland Revenue Board of approximately RM0.17 million.

(ii) Net cash flows used in investing activities

For FYE 2022, our Group recorded net cash outflows of approximately RM0.29 million from our investing activities due to the following:

- (a) interest income of approximately RM0.09 million received from fixed deposits placements;
- (b) proceeds from disposal of an associate, namely Appstremely Sdn Bhd, of approximately RM0.20 million in September 2021;
- (c) subscription of shares in WorkGrowth Technology, a joint venture, of approximately RM0.21 million in August 2021;
- (d) placement of fixed deposits with tenure of more than three months with licensed banks of approximately RM0.02 million; and
- (e) purchase of equipment of approximately RM0.35 million, mainly laptops and office equipment for our business operations.

(iii) Net cash flows used in financing activities

For FYE 2022, our Group recorded net cash outflows of approximately RM3.08 million from our financing activities due to the following:

- (a) payment of final dividend of RM3.00 million in respect of FYE 2022; and
- (b) lease payments made for leasing of office premises of approximately RM0.08 million.

12. FINANCIAL INFORMATION (CONT'D)

12.4 LIQUIDITY AND CAPITAL RESOURCES

Working capital

Our operations are funded by internal sources of funds. Our internal sources of funds comprise share capital and cash generated from our operating activities.

The decision to utilise internally generated funds for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements and future capital expenditure requirements.

Our Board is of the opinion that after taking into consideration the current level of cash and cash equivalents and the gross proceeds raised from our IPO, our Group would have adequate working capital for a period of 12 months from the date of this Prospectus.

As at the LPD, we have cash and cash equivalents of approximately RM8.66 million.

Based on the Pro Forma Consolidated Statement of Financial Position of our Group as at 31 March 2022 (before the Public Issue), our NA position stood at RM11.13 million and gearing level is not relevant as our Group has no outstanding borrowings as at 31 March 2022. Our NA position after the Public Issue (and utilisation of proceeds) are RM28.63 million.

As at the LPD, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any disputes with our debtors and our allowance for impairment loss in respect of our doubtful debts is low. This measure has proven to be effective while maintaining a cordial relationship with our customers.

12.5 BORROWINGS

We do not have any outstanding borrowings (excluding lease liabilities arising from right-of-use assets of RM0.81 million) as at 31 March 2022.

Separately, we have also recognised the following lease liabilities on the right-of-use assets pursuant to MFRS 16 Leases, which are denominated in RM.

	<u>Purpose</u>	<u>Tenure</u>	<u>As at 31 March 2022</u>
			<u>RM'000</u>
Lease liabilities payable within 1 year	Rental of office	Initial lease of 2 to 3 years with the option to renew for another 2 to 3 years	154
Lease liabilities payable after 1 year	Rental of offices	Initial lease of 2 to 3 years with the option to renew for another 2 to 3 years	651
			<u>805</u>

12. FINANCIAL INFORMATION (CONT'D)**12.6 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

From an accounting perspective, financial instruments may include other investments, trade and other receivables, amount due from a related company, amount due from a Director, fixed deposits placed with licensed banks, cash and bank balances, other payables and accruals as shown on our consolidated statements of financial position. These financial instruments are used in our ordinary course of business.

As at the LPD, we do not have or utilise any other financial instruments. We finance our operations mainly through cash generated from our operations.

12.7 MATERIAL INVESTMENT AND DIVESTITURES IN CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

There were no material capital expenditures and divestitures made for the Financial Years Under Review and up to the LPD.

As at the LPD, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

We do not have any material capital commitments for the Financial Years Under Review and up to the LPD.

12.8 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

As at the LPD, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant, and there are no proceedings pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our financial position or business.

As at the LPD, there are no contingent liabilities incurred by us or our Subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our Subsidiaries.

12.9 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the Financial Years Under Review are as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Trade receivables turnover (days) ⁽¹⁾	70	89	113	91
Trade payables turnover (days) ⁽²⁾	N/A	N/A	N/A	N/A
Gearing ratio (times) ⁽³⁾	N/A	N/A	N/A	N/A
Current ratio (times) ⁽⁴⁾	32.67	16.12	9.49	5.78

Notes:

(1) Computed based on the average trade receivables divided by the revenue for the financial year multiplied by 365 days for each financial year.

(2) Computed based on the average trade payables divided by the cost of sales (excluding payroll and related costs) for the financial year multiplied by 365 days for each financial year. Not applicable as there were no outstanding balances for trade payables as at each financial year end.

12. FINANCIAL INFORMATION (CONT'D)

- (3) *Computed based on bank borrowing (excluding lease liabilities for right-of-use assets) over total equity as at the respective financial year end. Not applicable as there were no outstanding balances for borrowings (excluding lease liabilities for right-of-use assets) as at each financial year end.*
- (4) *Computed based on current assets over current liabilities as at each financial year end.*

Over the years, our Group has managed to build and maintain an operation that has been in a positive net operating cash flow position. Furthermore, our operations do not require significant capital expenditures to date.

In terms of trade receivables, our customer portfolio mainly consists of recurring clients with good payment track records. As such, our Group has recorded relatively low amounts of impairment losses on trade receivables and bad debts written off over the years.

With regards to our trade payables turnover, our Group practises timely processing of payments to maintain good relationships, enabling our Group to obtain competitive pricing for the products and / or services sourced.

Further, our current ratio ranges from 5.78 times to 32.67 times for the Financial Years Under Review. This indicates that our Group is able to meet our current obligations as our current assets, such as trade receivables and our fixed deposits and bank balances, are sufficient to meet our current liabilities.

12.9.1 Trade receivables turnover

Our trade receivables turnover period (in days) for the Financial Years Under Review is stated as below:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	868	1,207	1,814	3,800
Closing trade receivables	1,207	1,814	3,800	4,434
Average trade receivables	1,037	1,511	2,807	4,117
Revenue	5,435	6,214	9,040	16,525
Trade receivables turnover period (days)	70	89	113	91

The normal credit period granted by our Group to our customers ranges from 30 days and up to 90 days from the date of invoice. Our credit terms to customers are assessed and approved on a case-by-case basis.

Our Group has established policies on credit control involving comprehensive credit evaluations, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history, and regular review of customers' outstanding balances and payment trends. Our Group considers the risk of material loss in the event of non-performance by the customers to be unlikely.

As our Group did not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. A significant portion of trade receivables represent regular customers of our Group. Our Group uses ageing analysis to monitor the credit quality of the trade receivables.

Our Group assesses expected credit loss on trade receivables based on provision matrix, the expected loss rates are based on the payment profile for sales in the past as well as the corresponding historical credit losses during the period. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in forward-looking estimates are analysed.

12. FINANCIAL INFORMATION (CONT'D)

Generally, trade receivables are written off when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities. Our Group evaluates the concentration of risk with respect to trade receivables as low, as our customers are from different type of industries and operate in largely independent markets.

Comparison between FYE 2019 and FYE 2020

Our average trade receivables turnover periods for FYE 2019 and FYE 2020 were 70 days and 89 days, respectively, which were within our trade terms period, and therefore, there is minimal exposure to credit risk.

Our average trade receivables turnover periods increased by approximately 19 days, mainly due to more invoices being raised towards the end of FYE 2020 based on the project milestones certified by customers.

Comparison between FYE 2020 and FYE 2021

Our average trade receivables turnover period for FYE 2021 increased by 24 days from 89 days for FYE 2020 to 113 days for FYE 2021, mainly due to more invoices being raised towards the end of FYE 2021 based on the project milestones certified by customers.

Comparison between FYE 2021 and FYE 2022

Our average trade receivables turnover periods decreased by 22 days from 113 days for FYE 2021 to 91 days for FYE 2022, mainly due to improvement in collections from our customers resulting from the tightening of the credit control by our Group.

The ageing analysis of our trade receivables as at 31 March 2022 is as follows:

	Trade receivables as at 31 March 2022		Amount collected from 1 April 2022 up to the LPD	Balance of trade receivables which have yet to be collected as at the LPD
	RM'000	Percentage of trade receivables (%)	RM'000	RM'000
	(a)	(a) / total of (a)	(b)	(c) = (a) - (b)
Within credit period	2,245	50.6	1,982	263
Past due but not impaired:				
1 to 30 days	264	5.9	190	74
31 to 60 days	261	5.9	207	54
60 to 90 days	845	19.1	525	320
More than 90 days	819	18.5	442	377
Subtotal	2,189	49.4	1,364	825
Total	4,434	100.0	3,346	1,088

As at the LPD, RM3.35 million or 75.5% of our trade receivables as at 31 March 2022 have been collected. The remaining balance of RM1.09 million of our trade receivables that have yet to be collected comprise mainly amounts owing by 3 major customers and 2 new customers who are in the process of negotiation on the settlement of the outstanding trade receivables with our Group. We are of the view that the outstanding amounts are recoverable after taking into consideration these customers' payment history and their credentials.

12. FINANCIAL INFORMATION (CONT'D)

Notwithstanding the ongoing COVID-19 pandemic, our Group's customers have generally been paying within the credit period granted during the FYE 2021 and FYE 2022. Further, our Group has not experienced any instances of significant bad debts for the Financial Years Under Review.

Our Group will assess the collectability of trade receivables on an individual customer basis, and impairment will be made for those where recoverability is uncertain based on our past dealings with customers. We will also assess the adequacy of impairment loss allowance on overall trade receivables balance at every reporting period based on historical collection experience. For the Financial Years Under Review and up to the LPD, our Group has not encountered any disputes with our trade receivables.

As for the balance of trade receivables which have yet to be collected as at the LPD, our Group monitors the ageing of our trade receivables closely and takes proactive actions, including constantly following up with customers on the outstanding debts and reperforming credit assessments on the customer(s) before undertaking any future projects. In addition, our Group retains the source codes for the applications developed for the customers until all outstanding payments are collected. The provision of subscription, hosting, technical support and maintenance services are generally billed in advance to the customers.

Our impairment loss on trade receivables and bad debt written off for the Financial Years Under Review are as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Impairment loss on trade receivables / (Reversal of impairment loss on trade receivables) ⁽¹⁾	11	(11)	225	(192)
Bad debts written off ⁽²⁾	44	11	45	-

Notes:

- (1) *Comprise the recognition and reversal of loss allowances on trade receivables. In accordance with MFRS 9, an impairment analysis is performed at each reporting date for expected credit losses on trade receivables with reference to historical credit loss experience on a general basis as well as for individually impaired trade receivables.*
- (2) *Bad debts written off were due to long outstanding debts that had no reasonable expectation of recovery. The bad debts written off during the Financial Years Under Review were not from our major customers, and our Group has ceased to provide services to these customers.*

12.9.2 Trade payables

Our trade payables turnover period (in days) for the Financial Years Under Review is stated as below:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Opening trade payables	-	-	-	-
Closing trade payables ⁽¹⁾	-	-	-	-
Average trade payables ⁽¹⁾	-	-	-	-
Cost of sales	347	347	902	1,519
Trade payables turnover period (days) ⁽²⁾	N/A	N/A	N/A	N/A

12. FINANCIAL INFORMATION (CONT'D)**Notes:**

- (1) *There are no outstanding balances for trade payables at the end of each financial year for the Financial Years Under Review. Suppliers of the Group are mainly subscription and hosting services providers, outsourced development services providers and live streaming services providers.*
- (2) *Not applicable as there were no outstanding balances for trade payables as at each financial year end.*

12.9.3 Current ratio

Our current ratio throughout the Financial Years Under Review is stated as below:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Current assets	7,024	9,754	7,989	12,395
Current liabilities	215	605	842	2,146
Net current assets	6,809	9,149	7,147	10,249
Current ratio (times)	32.67	16.12	9.49	5.78

Our current ratio ranges from 5.78 times to 32.67 times for the Financial Years Under Review. This indicates that our Group can meet our current obligations as our current assets, such as trade receivables, which can be readily converted into cash, together with our fixed deposits and bank balances, are enough to meet immediate current liabilities.

12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

There were no government, economic, fiscal or monetary policies or factors which had materially affected our operations during the Financial Years Under Review. There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward.

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9 of this Prospectus.

12.11 IMPACT OF INFLATION

During the Financial Years Under Review, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward. Any significant increase in costs of sales in the future may adversely affect our operations and performance in the event where we are unable to pass on higher costs to our customers through an increase in selling prices.

12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND / OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS**12.12.1 Impact of foreign exchange rate**

During the Financial Years Under Review, our local sales were the largest contributor to our Group's revenue at approximately 84.2%, 76.7%, 80.8% and 87.5%, respectively. Some of our development of mobile and web applications, provision of subscription, hosting, technical support and maintenance services are billed in foreign currency for customers in Cambodia, Hong Kong and Singapore which were denominated in USD and SGD. Our cost of sales are also exposed to foreign exchange fluctuation risks arising from engaging overseas suppliers,

12. FINANCIAL INFORMATION (CONT'D)

whereby some of these purchases were denominated in USD, while the remaining purchases from overseas suppliers and local suppliers were denominated in RM. Hence, we are exposed to foreign exchange fluctuation risks for these revenue and purchases. For sales to customers in Malaysia and some customers in overseas, the revenue generated are denominated in RM.

The breakdown of our revenue and purchases by currencies for the Financial Years Under Review is as follows:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Currency Revenue								
RM	4,772	87.8	5,317	85.6	7,872	87.1	14,785	89.5
USD	663	12.2	897	14.4	1,002	11.1	1,416	8.5
SGD	-	-	-	-	166	1.8	324	2.0
Total	5,435	100.0	6,214	100.0	9,040	100.0	16,525	100.0
Purchases								
RM	284	81.8	308	88.8	783	86.8	1,341	88.3
USD	63	18.2	39	11.2	119	13.2	178	11.7
Total	347	100.0	347	100.0	902	100.0	1,519	100.0

During the Financial Years Under Review, our transactions involving foreign exchange were predominantly denominated in USD. In circumstances where the USD significantly appreciates against the RM, we will record higher revenue in RM after conversion. Conversely, in circumstances where the USD significantly depreciates against the RM, we will record lower revenue in RM after conversion. In the event that we are unable to pass the increase in cost to our customers in a timely manner, our financial performance may be affected. While we also have transactions denominated in SGD, fluctuations in exchange rates between SGD and RM are not expected to have material impact to our revenue as the sales denominated in SGD are comparatively low.

For the Financial Years Under Review, our gain and losses from the foreign exchange fluctuations were as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Realised (loss) / gain on foreign exchange	(6)	#	2	(19)
Unrealised gain / (loss) on foreign exchange	-	12	(1)	3
Net (loss) / gain	(6)	12	1	(16)

Note:

Less than RM1,000.

We currently do not have a formal policy with respect to our foreign exchange transactions.

Our Group does not hedge our exposure to fluctuations in foreign currency exchange rates. As at the LPD, we have not entered into any forward foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for the revenue and purchases denominated in foreign currencies. Our Group has generally been able to pass on the increase in costs arising from foreign exchange rates to customers by factoring the potential impact of the foreign exchange rates in the quotation to our customers. Please refer to Section 9.1.8 of this Prospectus for risks relating to foreign exchange rate fluctuations.

12. FINANCIAL INFORMATION (CONT'D)

12.12.2 Impact of interest rate

Our Group's financial results for the Financial Years Under Review were not materially affected by fluctuations in interest rates as our Group does not have any bank borrowings (excluding lease liabilities for right-of-use assets) throughout the Financial Years Under Review and up to the LPD. However, any major increase in interest rates would raise the cost of our borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

12.12.3 Impact of commodity prices

As at the LPD, our Group is not affected by fluctuations in commodity prices.

12.13 ORDER BOOK

We generate our revenue based on the service contracts issued to us (where applicable) and the purchase order awarded. Our order book as at the LPD are as follows:

	(1) Contract value as at the LPD RM'000	Revenue recognised as at the LPD RM'000	Balance revenue to be recognised as at the LPD RM'000	Revenue to be recognised in FYE 2023 RM'000	Revenue to be recognised after FYE 2023 RM'000
Secured contracts					
Development of mobile and web applications	13,312	6,152	7,160	6,536	624
Provision of digital platform-based services	240	77	163	154	9
Provision of subscription, hosting, technical support and maintenance services	4,963	1,259	3,704	1,712	1,992
Total	18,515	(2) 7,488	11,027	8,402	2,625

Notes:

- (1) Represents our secured contracts (which includes RM1.02 million in value that was secured prior to 1 April 2021) that are ongoing and have yet to be fully billed as at the LPD.
- (2) Revenue of RM4.36 million was recognised up to FYE 2022 and RM3.13 million was recognised subsequent to FYE 2022 and up to the LPD.

The above order book relates to the contract value of projects less revenue recognised up to the LPD. The remaining balance revenue of approximately RM11.03 million consists of RM8.40 million expected to be recognised as revenue in FYE 2023 and RM2.63 million in FYE 2024 and beyond.

There are order book of approximately RM0.18 million awarded by related parties, namely Zetrix Sdn. Bhd. and WorkGrowth Technology. Our order book of approximately RM11.03 million as at the LPD represents 1.19 times of our average revenue of approximately RM9.30 million, calculated based on our audited revenues for the Financial Years Under Review.

12.14 TREND INFORMATION

As at the LPD, save as disclosed in this Prospectus and to the best of our Board's knowledge and belief, our financial performance, position and operations are not affected by any of the following:

12. FINANCIAL INFORMATION (CONT'D)

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations, save as disclosed in Sections 7, 8, 9 and 12.3 of this Prospectus;
- (ii) material commitments for capital expenditure, as set out in Section 12.6 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as discussed in Sections 9 and 12.3 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a substantial increase in our Group's revenue and / or profit as disclosed in this Section 12.3, business and industry overview, as set out in Sections 7 and 8 of this Prospectus, and business strategies and future plans as set out in Section 7.8 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position, save as disclosed in Sections 9 and 12 of this Prospectus; and
- (vi) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, save as disclosed in Sections 7, 9 and 12 of this Prospectus.

However, our Board foresees certain risk factors as set out in Section 9 of this Prospectus that may affect our future financial condition and results of operations.

Our Board is optimistic about the future prospects of our Group given our Group's competitive strengths as set out in Section 7.7 of this Prospectus, the outlook of the furniture industry in Malaysia as set out in the IMR Report in Section 8 of this Prospectus and our commitment to implement the business strategies and future plans as set out in Section 7.8 of this Prospectus.

12.15 RECENT DEVELOPMENT

Save for the interruptions in our business due to COVID-19 and MCO as disclosed in Section 7.15 of this Prospectus, there were no other significant events subsequent to our Group's audited consolidated financial statements for FYE 2022.

12.16 DIVIDENDS

Our Group presently does not have any formal dividend policy and the declaration of dividends and other distribution are subject to the discretion of our Board. It is our Board's policy to recommend dividends to allow our Shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our Shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

As we are a holding company, our ability to declare and pay dividends or make other distributions to our shareholders are dependent upon the dividends we receive from our Subsidiaries, present and future. The payment of dividends by our Subsidiaries is dependent upon various factors, including but not limited to, their distributable profits, financial performance, and cash flow requirements for operations and capital expenditures, as well as other factors that their respective boards of Directors deem relevant. Our Subsidiaries are not subject to any dividend restriction imposed on our Subsidiaries as at the LPD.

12. FINANCIAL INFORMATION (CONT'D)

Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our Shareholders or when declaring any interim dividends:

- (i) the level of cash and level of indebtedness;
- (ii) required and expected interest expense, cash flows, profits, return on equity and retained earnings;
- (iii) our expected results of operations and future level of operations; and
- (iv) our projected levels of capital expenditure and other investment plans.

The payment and amount of any dividends or distributions to our Shareholders will be at the discretion of our Board, and will depend on factors stated above (which may not be exhaustive). There is no assurance as to whether the dividend distribution will occur as intended, the amount of dividend payment or timing of such payment.

Subject to the Act, our Company, in general meeting, may from time to time approve dividend or other distribution. However, no dividend or distribution shall be declared in excess of the amount recommended by our Board. Further, under the Act, our Company may not declare or pay dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

- (i) our Company is, or would after the payment be unable to pay its liabilities as they become due; or
- (ii) the realisable value of our Company's assets would thereby be less than its liabilities.

For the Financial Years Under Review, our Group had declared and paid the following dividends:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
PAT attributable to owners of our Company	2,412	2,496	4,004	6,692
Total dividends declared	421	3,000	3,000	3,000
Total dividends paid	300	121	6,000	3,000
Dividend payout rate (%) ⁽¹⁾	17.5	120.2	74.9	44.8

Note:

- (1) *Computed based on dividend declared over PAT attributable to owners of our Company for each financial year.*

The dividends above were funded by internal funds sourced from the cash and bank balances of the respective Subsidiaries. The dividends will not affect the execution and implementation of our future plans or business strategies. Together with the IPO proceeds, we believe that we have sufficient funding of cash from operations for the funding requirement for our operations and our expansion plans.

As at the LPD, there is no outstanding dividends declared and unpaid. Subsequent to the LPD, no dividend was declared, made or paid by our Group. Our Group does not intend to pay any dividends prior to our Listing.

The above dividends which were declared and paid will not affect the execution and implementation of our future plans or strategies moving forward.

12. FINANCIAL INFORMATION (CONT'D)

Investors should note that this proposed dividend merely describes our Group's present intention and shall not constitute legally binding statements in respect of our Group's future dividends that are subject to modification at our Board's discretion. No influence should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

12.17 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 30 June 2022 and after adjusting for the effect of the Public Issue including the utilisation of proceeds.

Description	Unaudited	Pro Forma I	Pro Forma II
	As at 30 June 2022	After Public Issue	After I and utilisation of proceeds
	RM'000	RM'000	RM'000
Capitalisation			
Equity attributable to owners of the Company	13,201	35,301	30,693
Non-controlling interest	124	124	124
Total capitalisation	13,325	35,425	30,817
Indebtedness ⁽¹⁾			
Lease liabilities for right-of-use assets			
- Current	166	166	166
- Non-current	609	609	609
Total indebtedness	775	775	775
Total capitalisation and indebtedness	14,100	36,200	31,592
Gearing ratio ⁽²⁾	0.06	0.02	0.03

Notes:

- (1) *Indebtedness refers to financial liabilities arising from financing activities, which include lease liabilities and bank borrowings. The lease liabilities of our Group comprise the leases of office premises recognised in accordance with MFRS 16 Leases. As at 30 June 2022, our Group does not have any existing bank borrowing facilities.*
- (2) *Computed based on total indebtedness over total capitalisation.*

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13. ACCOUNTANTS' REPORT



Date: 13 July 2022

The Board of Directors
Agmo Holdings Berhad
Level 38, MYEG Tower
Empire City Damansara
Jalan PJU 8, Damansara Perdana
47820 Petaling Jaya
Selangor Darul Ehsan

Grant Thornton Malaysia PLT
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
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Malaysia

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Dear Sirs,

Reporting Accountants' Opinion On The Financial Information Contained In The Accountants' Report Of Agmo Holdings Berhad ("the Company" or "Agmo")

Opinion

We have audited the accompanying financial statements ("Financial Information") of Agmo Holdings Berhad and its subsidiaries (collectively known as "the Group" or "Agmo Group"), which comprises the consolidated statements of financial position of the Group as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial year ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022, and a summary of significant accounting policies and other explanatory notes, as set out on page 4 to 69.

In our opinion, the accompanying Financial Information give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 and of their consolidated financial performance and consolidated cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 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.

13. ACCOUNTANTS' REPORT (CONT'D)*Responsibilities of the Directors for the Financial Information*

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

In preparing the Financial Information of the Group, the Directors are responsible for assessing the Group'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 cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an accountants' 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 Information.

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

- Identify and assess the risks of material misstatement of the Financial Information of the Group, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountants' report to the related disclosures in the Financial Information of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.

13. ACCOUNTANTS' REPORT (CONT'D)



Reporting Accountants' Responsibilities for the Audit of the Financial Information (cont'd)

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

- Evaluate the overall presentation, structure and content of the Financial Information of the Group, including the disclosures, and whether the Financial Information of the Group 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 Information 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.

Other Matter

This report has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of Agmo Holdings Berhad in connection with the listing of and quotation for the entire enlarged issued share capital of Agmo Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

A large, stylized handwritten signature of Grant Thornton.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

A handwritten signature of Antony Leong Wee Lok.

ANTONY LEONG WEE LOK
(NO: 03381/06/2024 J)
CHARTERED ACCOUNTANT

Kuala Lumpur

13. ACCOUNTANTS' REPORT (CONT'D)**AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022**

	Note	← Audited →			
		2019 RM	2020 RM	2021 RM	2022 RM
ASSETS					
Non-current assets					
Equipment	5	106,922	141,900	165,943	434,761
Right-of-use assets	6	-	-	-	778,318
Investment in an associate	7	1	1	1	-
Investment in a joint venture	8	-	-	-	206,079
Other investments	9	107,991	107,991	107,991	174,659
Total non-current assets		<u>214,914</u>	<u>249,892</u>	<u>273,935</u>	<u>1,593,817</u>
Current assets					
Trade receivables	10	1,207,336	1,813,883	3,799,848	4,433,851
Other receivables, deposits and prepayments	11	32,037	99,738	96,774	1,406,079
Amount due from a Director	12	11,879	25,644	-	-
Fixed deposits placed with licensed banks	13	1,531,915	24,542	2,784,164	4,097,891
Cash and bank and short term investment	14	4,241,425	7,790,226	1,308,299	2,418,026
Tax recoverable		-	-	-	39,149
Total current assets		<u>7,024,592</u>	<u>9,754,033</u>	<u>7,989,085</u>	<u>12,394,996</u>
TOTAL ASSETS		<u><u>7,239,506</u></u>	<u><u>10,003,925</u></u>	<u><u>8,263,020</u></u>	<u><u>13,988,813</u></u>
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:-					
Share capital	15	4,000,000	4,000,000	4,000,000	4,000,000
Retained earnings		3,015,308	5,390,322	3,394,714	7,086,977
		7,015,308	9,390,322	7,394,714	11,086,977
Non-controlling interests	16	-	-	-	46,426
TOTAL EQUITY		<u>7,015,308</u>	<u>9,390,322</u>	<u>7,394,714</u>	<u>11,133,403</u>

13. ACCOUNTANTS' REPORT (CONT'D)

AGMO HOLDINGS BERHAD

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022 (CONT'D)**

	Note	← Audited →			
		2019 RM	2020 RM	2021 RM	2022 RM
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	17	8,936	8,936	25,509	58,569
Lease liabilities	18	-	-	-	651,515
Total non-current liabilities		<u>8,936</u>	<u>8,936</u>	<u>25,509</u>	<u>710,084</u>
Current liabilities					
Other payables and accruals	19	193,168	468,440	458,000	1,422,611
Contract liabilities	20	-	135,865	382,428	512,155
Lease liabilities	18	-	-	-	153,657
Tax payables		22,094	362	2,369	56,903
Total current liabilities		<u>215,262</u>	<u>604,667</u>	<u>842,797</u>	<u>2,145,326</u>
TOTAL LIABILITIES		<u>224,198</u>	<u>613,603</u>	<u>868,306</u>	<u>2,855,410</u>
TOTAL EQUITY AND LIABILITIES		<u>7,239,506</u>	<u>10,003,925</u>	<u>8,263,020</u>	<u>13,988,813</u>

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

13. ACCOUNTANTS' REPORT (CONT'D)**AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022**

	Note	← Audited →			
		<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Revenue	21	5,434,886	6,213,628	9,040,328	16,525,671
Cost of sales		<u>(2,690,959)</u>	<u>(3,394,953)</u>	<u>(4,413,586)</u>	<u>(9,145,079)</u>
Gross profit		2,743,927	2,818,675	4,626,742	7,380,592
Other income	22	878	11,750	2,024	207,069
Net measurement of expected credit losses	10	(10,632)	10,632	(225,110)	192,000
Selling and marketing expenses		(3,228)	(6,028)	(40,157)	(12,410)
Administrative expenses		(292,074)	(408,288)	(392,071)	(668,211)
Depreciation	23	(29,952)	(37,916)	(48,585)	(173,190)
Other expenses	24	<u>(50,069)</u>	<u>(11,152)</u>	<u>(45,564)</u>	<u>(39,516)</u>
Operating profit		2,358,850	2,377,673	3,877,279	6,886,334
Finance income	25	78,079	119,902	189,067	94,271
Finance cost	26	-	-	-	(21,916)
Share of loss of an equity-accounted joint venture	8	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,921)</u>
Profit before tax	27	2,436,929	2,497,575	4,066,346	6,954,768
Tax expense	28	<u>(25,469)</u>	<u>(1,988)</u>	<u>(61,954)</u>	<u>(216,379)</u>
Profit for the financial year		2,411,460	2,495,587	4,004,392	6,738,389
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial year		<u>2,411,460</u>	<u>2,495,587</u>	<u>4,004,392</u>	<u>6,738,389</u>

13. ACCOUNTANTS' REPORT (CONT'D)**AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022 (CONT'D)**

	Note	← Audited →			
		<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Profit for the financial year attributable to:-					
Owners of the Company		2,411,460	2,495,587	4,004,392	6,692,263
Non-controlling interests	16	-	-	-	46,126
		<u>2,411,460</u>	<u>2,495,587</u>	<u>4,004,392</u>	<u>6,738,389</u>
Total comprehensive income for the financial year attributable to:-					
Owners of the Company		2,411,460	2,495,587	4,004,392	6,692,263
Non-controlling interests	16	-	-	-	46,126
		<u>2,411,460</u>	<u>2,495,587</u>	<u>4,004,392</u>	<u>6,738,389</u>
Earnings per share					
Basic earnings per ordinary share attributable to owners of the Company (RM)	29	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>

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

13. ACCOUNTANTS' REPORT (CONT'D)**AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022

	<u>Note</u>	<u>Share capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM	<u>Non-controlling interests</u> RM	<u>Total equity</u> RM
Balance as at 1 April 2018		4,000,000	903,848	4,903,848	-	4,903,848
Profit/Total comprehensive income for the financial year		-	2,411,460	2,411,460	-	2,411,460
Transaction with owners:-						
Dividend paid to the owners of the Company	30	-	(300,000)	(300,000)	-	(300,000)
Balance as at 31 March 2019		4,000,000	3,015,308	7,015,308	-	7,015,308
Profit/Total comprehensive income for the financial year		-	2,495,587	2,495,587	-	2,495,587
Transaction with owners:-						
Dividend paid to the owners of the Company	30	-	(120,573)	(120,573)	-	(120,573)
Balance as at 31 March 2020		4,000,000	5,390,322	9,390,322	-	9,390,322
Profit/Total comprehensive income for the financial year		-	4,004,392	4,004,392	-	4,004,392
Transaction with owners:-						
Dividend paid to the owners of the Company	30	-	(6,000,000)	(6,000,000)	-	(6,000,000)
Balance as at 31 March 2021		4,000,000	3,394,714	7,394,714	-	7,394,714
Profit/Total comprehensive income for the financial year		-	6,692,263	6,692,263	46,126	6,738,389
Transaction with owners:-						
Dividend paid to the owners of the Company	30	-	(3,000,000)	(3,000,000)	-	(3,000,000)
Capital contribution from non-controlling interests		-	-	-	300	300
Balance as at 31 March 2022		<u>4,000,000</u>	<u>7,086,977</u>	<u>11,086,977</u>	<u>46,426</u>	<u>11,133,403</u>

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

13. ACCOUNTANTS' REPORT (CONT'D)**AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022

	← Audited →				
	Note	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		2,436,929	2,497,575	4,066,346	6,954,768
Adjustments for:-					
Bad debts written off/(recovered)		44,100	10,632	45,000	(2,000)
Depreciation of equipment		29,952	37,916	48,585	90,397
Depreciation of right-of-use assets		-	-	-	82,793
Finance cost		-	-	-	21,916
Finance income		(78,079)	(119,902)	(189,067)	(94,271)
Gain on disposal of investment in an associate		-	-	-	(199,999)
Net measurement of expected credit losses		10,632	(10,632)	225,110	(192,000)
Share of loss of an equity-accounted joint venture		-	-	-	3,921
Unrealised (gain)/loss on foreign exchange		-	(11,750)	564	(2,759)
Operating profit before working capital changes		2,443,534	2,403,839	4,196,538	6,662,766
Changes in working capital:-					
Receivables		(489,500)	(662,498)	(2,253,675)	(1,813,217)
Payables		96,655	411,137	236,123	1,094,338
Cash generated from operations		2,050,689	2,152,478	2,178,986	5,943,887
Tax paid		-	(23,720)	(43,374)	(167,934)
Net cash flows from operating activities		2,050,689	2,128,758	2,135,612	5,775,953
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		78,079	119,902	189,067	94,271
Purchase of equipment		(64,018)	(72,894)	(72,628)	(359,215)
Placement of fixed deposits with licensed banks		-	(24,542)	(1,527,412)	(20,506)
(Advances to)/Repayment from a Director		(11,881)	(13,765)	25,644	-
Proceeds from disposal of investment in an associate		-	-	-	200,000
Capital contribution from non-controlling interests		-	-	-	300
Subscription of shares in a joint venture		-	-	-	(210,000)
Net cash flows from/(used in) investing activities		2,180	8,701	(1,385,329)	(295,150)

13. ACCOUNTANTS' REPORT (CONT'D)**AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022 (CONT'D)

	←	Audited				→
		<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	
Note		RM	RM	RM	RM	
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividend paid		(300,000)	(120,573)	(6,000,000)	(3,000,000)	
Interest paid		-	-	-	(21,916)	
Repayment of lease liabilities		-	-	-	(55,939)	
Net cash flows used in financing activities		<u>(300,000)</u>	<u>(120,573)</u>	<u>(6,000,000)</u>	<u>(3,077,855)</u>	
CASH AND CASH EQUIVALENTS						
Net changes		1,752,869	2,016,886	(5,249,717)	2,402,948	
At beginning of the financial year		<u>4,020,471</u>	<u>5,773,340</u>	<u>7,790,226</u>	<u>2,540,509</u>	
At end of the financial year	A	<u><u>5,773,340</u></u>	<u><u>7,790,226</u></u>	<u><u>2,540,509</u></u>	<u><u>4,943,457</u></u>	

NOTE TO THE STATEMENTS OF CASH FLOWS**A. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in Statements of Cash Flows comprise the following:-

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
Cash and bank and short term investment (Note 14)	4,241,425	7,790,226	1,308,299	2,418,026
Fixed deposits placed with licensed banks (Note 13)	<u>1,531,915</u>	<u>24,542</u>	<u>2,784,164</u>	<u>4,097,891</u>
	5,773,340	7,814,768	4,092,463	6,515,917
Less: Fixed deposits held in trust by a Director	-	(24,542)	(24,934)	(11,824)
Less: Fixed deposits with tenure more than 3 months	<u>-</u>	<u>-</u>	<u>(1,527,020)</u>	<u>(1,560,636)</u>
Cash and cash equivalents	<u><u>5,773,340</u></u>	<u><u>7,790,226</u></u>	<u><u>2,540,509</u></u>	<u><u>4,943,457</u></u>

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

13. ACCOUNTANTS' REPORT (CONT'D)**AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL INFORMATION**1. GENERAL INFORMATION****1.1 Introduction**

This report has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of Agmo Holdings Berhad (“the Company” or “Agmo”) in connection with the listing of and quotation for the entire enlarged issued share capital of Agmo on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (hereinafter defined as “the Listing”), and should not be relied upon for any other purposes.

1.2 Background

The Company was a private limited liability company incorporated and domiciled in Malaysia. Subsequently, the Company has converted to a public limited liability company on 30 December 2021 and assumed its present name of Agmo Holdings Berhad.

The registered office of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia.

The principal place of business is located at Level 38, MYEG Tower, Empire City Damansara, Jalan PJU 8, Damansara Perdana, 47820 Petaling Jaya, Malaysia.

1.3 Principal Activities

Agmo’s principal activities are investment holding and providing computer and mobile software application and services related to information technology services.

Details of the subsidiaries of Agmo are as follows:-

<u>Name of company</u>	<u>Effective ownership</u>	<u>Principal activities</u>	<u>Date of incorporation</u>	<u>Country of incorporation</u>
(a) Agmo Studio Sdn. Bhd.	100%	Providing computer and mobile software application and services related to information technology	11 January 2012	Malaysia
(b) Agmo Capital Sdn. Bhd.	100%	Investment holding	5 January 2017	Malaysia
(c) Agmo Digital Solutions Sdn. Bhd.	100%	Software development, provision of information technology related services and the intended reselling of third-party software	18 May 2020	Malaysia

13. ACCOUNTANTS' REPORT (CONT'D)**1. GENERAL INFORMATION (CONT'D)****1.3 Principal Activities (cont'd)**

Details of the subsidiaries of Agmo are as follows (cont'd):-

<u>Name of company</u>	<u>Effective ownership</u>	<u>Principal activities</u>	<u>Date of incorporation</u>	<u>Country of incorporation</u>
(d) Agmo Tech Sdn. Bhd.	100%	Software development, provision of information technology related services and the intended reselling of third-party software	14 September 2020	Malaysia
(e) Agmo Sierra Holdings Sdn. Bhd. (formerly known as Agmo Strongbyte Holdings Sdn. Bhd.)	70%	Investment holding, computer consultancy and provision of information technology related services	12 January 2021	Malaysia

Details of the joint venture company of Agmo are as follows:-

<u>Name of company</u>	<u>Effective ownership</u>	<u>Principal activities</u>	<u>Date of incorporation</u>	<u>Country of incorporation</u>
(a) WorkGrowth Technology Sdn. Bhd.	35%	Business and other applications, other information technology service activities	10 March 2021	Malaysia

There was no significant change in the nature of the principal activities of Agmo and its subsidiaries and joint venture since the day of incorporation.

1.4 Incorporation of New Subsidiaries**Agmo Digital Solutions Sdn. Bhd.**

Agmo Digital Solutions Sdn. Bhd. ("ADSSB") was incorporated as a wholly-owned subsidiary of Agmo on 18 May 2020 with RM1,000 share capital comprising 1,000 ordinary shares at an issue price of RM1.00 per ordinary share. Subsequently, on 18 September 2020, AHB subscribed an additional 49,000 ordinary shares in ADSSB at an issue price of RM1.00 per ordinary share for a total cash consideration of RM49,000.

The principal activities of ADSSB are to engage in software development, provision of information technology related services and the intended reselling of third-party software.

In general, ADSSB provides ready-made digital solutions to corporates and small and medium enterprises. For information purpose, ready-made digital solutions refer to the digital platforms built by Agmo Group and offered as a service to customers on a usage basis.

13. ACCOUNTANTS' REPORT (CONT'D)**1. GENERAL INFORMATION (CONT'D)****1.4 Incorporation of New Subsidiaries (cont'd)**Agmo Tech Sdn. Bhd.

Agmo Tech Sdn. Bhd. ("ATSB") was incorporated as a wholly-owned subsidiary of Agmo on 14 September 2020 with RM1,000 share capital comprising 1,000 ordinary shares at an issue price of RM1.00 per ordinary share. Subsequently, on 11 January 2021, AHB subscribed an additional 24,900,000 ordinary shares in ATSB at an issue price of RM0.01 per ordinary share for a total cash consideration of RM249,000.

The principal activities of ATSB are to engage in providing software development, provision of information technology related services and the intended reselling of third-party software.

In general, ATSB uses new technologies such as blockchain and extended reality to assist corporates and small and medium enterprises in their digital transformation with customised digital solutions.

Agmo Sierra Holdings Sdn. Bhd. (formerly known as Agmo Strongbyte Holdings Sdn. Bhd.) ("ASHSB")

ASHSB was incorporated as a wholly-owned subsidiary of Agmo on 12 January 2021 with RM1.00 share capital comprising 1 ordinary share at an issue price of RM1.00 per ordinary share. Subsequently, on 28 October 2021, Agmo subscribed an additional 699 ordinary shares in ASHSB at an issue price of RM1.00 per ordinary share for a total cash consideration of RM699. On even date, two parties, namely Tang Tung Ai and Fong Huang Yee, subscribed a total of 300 ordinary shares in ASHSB at an issue price of RM1.00 per ordinary share for a total cash consideration of RM300. Pursuant thereto, ASHSB became a partially-owned subsidiary of Agmo with an effective equity interest of 70%.

The principal activities of ASHSB are to engage in investment holding, computer consultancy and provision of information technology related services.

1.5 Investment in Joint Venture CompanyWorkGrowth Technology Sdn. Bhd.

On 15 March 2021, the Company has entered into a joint venture agreement with a third party, LKC Advance Technology Sdn. Bhd ("LKC") and through its subsidiary, Agmo Capital Sdn. Bhd. ("ACSB") to set up a joint venture company, WorkGrowth Technology Sdn. Bhd. ("WGT").

As at the date of this report, the paid-up capital of the WGT is RM600,000 comprising 600,000 ordinary shares of WGT. The equity interest in WGT by the Group and LKC is 35% and 65% respectively. The principal activities of WGT are to engage in business and other applications and other information technology service activities.

13. ACCOUNTANTS' REPORT (CONT'D)**2. RELEVANT FINANCIAL YEARS**

The consolidated financial statements of Agmo Group reflect the financial information of Agmo Holdings Berhad, Agmo Studio Sdn. Bhd., Agmo Capital Sdn. Bhd., Agmo Digital Solutions Sdn. Bhd., Agmo Tech Sdn. Bhd. and Agmo Sierra Holdings Sdn. Bhd. (formerly known as Agmo Strongbyte Holdings Sdn. Bhd.).

The relevant financial years/periods ("FYE/FPE") of the audited financial statements presented for the purpose of this report ("Relevant Financial Years/Periods") and the Auditors of the respective companies within the Group are as follows:-

<u>Company</u>	<u>Relevant Financial Years/Periods</u>	<u>Auditors</u>
Agmo Holdings Berhad	FYE 31 March 2019	Grant Thornton Malaysia PLT ⁽ⁱ⁾
	FYE 31 March 2020	Grant Thornton Malaysia PLT
	FYE 31 March 2021	Grant Thornton Malaysia PLT
	FYE 31 March 2022	Grant Thornton Malaysia PLT
Agmo Studio Sdn. Bhd.	FYE 31 March 2019	Grant Thornton Malaysia PLT ⁽ⁱ⁾
	FYE 31 March 2020	Grant Thornton Malaysia PLT
	FYE 31 March 2021	Grant Thornton Malaysia PLT
	FYE 31 March 2022	Grant Thornton Malaysia PLT
Agmo Capital Sdn. Bhd.	FYE 31 March 2019	Grant Thornton Malaysia PLT ⁽ⁱ⁾
	FYE 31 March 2020	Grant Thornton Malaysia PLT
	FYE 31 March 2021	Grant Thornton Malaysia PLT
	FYE 31 March 2022	Grant Thornton Malaysia PLT
Agmo Digital Solutions Sdn. Bhd.	FPE 31 March 2021	Grant Thornton Malaysia PLT
	FYE 31 March 2022	Grant Thornton Malaysia PLT
Agmo Tech Sdn. Bhd.	FPE 31 March 2021	Grant Thornton Malaysia PLT
	FYE 31 March 2022	Grant Thornton Malaysia PLT
Agmo Sierra Holdings Sdn. Bhd. (formerly known as Agmo Strongbyte Holdings Sdn. Bhd.)	FPE 31 March 2021 ⁽ⁱⁱ⁾	Grant Thornton Malaysia PLT
	FYE 31 March 2022	Grant Thornton Malaysia PLT

(i) The consolidated financial statements of the Group for the financial year ended 31 March 2019 have been prepared based on the audited financial statements which were re-audited by Grant Thornton Malaysia PLT for the purpose of inclusion into the consolidated financial statements of the Group. The audited financial statements which was lodged with Companies Commission of Malaysia were audited by a firm of chartered accountants other than Grant Thornton Malaysia PLT.

(ii) The subsidiary has been consolidated based on management accounts covering from 12 January 2021 (date of incorporation) to 31 March 2021.

The audited financial statements of Agmo Holdings Berhad, Agmo Studio Sdn. Bhd., Agmo Capital Sdn. Bhd., Agmo Digital Solutions Sdn. Bhd., Agmo Tech Sdn. Bhd. and Agmo Sierra Holdings Sdn. Bhd. (formerly known as Agmo Strongbyte Holdings Sdn. Bhd.) for the Relevant Financial Years/Periods reported above were not subject to any qualification or modification.

13. ACCOUNTANTS' REPORT (CONT'D)**3. BASIS OF PREPARATION****3.1 Statement of Compliance**

The consolidated financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and in compliance with Chapter 10, Part II Division I: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

3.2 Changes in Accounting Policies

During the financial years under review, the Group adopted the following accounting policies which are relevant and applicable to the Group's consolidated financial statements:-

MFRS 15 Revenue from Contracts with Customers - effective 1 April 2018

MFRS 15 provides a single model for accounting for revenue arising from contracts with customers using a 5-step approach model.

The standard focuses on the identification and satisfaction of performance obligations in recognising revenue, moving from the transfer of risk and rewards.

The Group adopted MFRS 15 Revenue from Contracts with Customers retrospectively.

The adoption of MFRS 15 Revenue from Contracts with Customers does not have material financial impact to the consolidated financial statements of the Group.

MFRS 9 Financial Instruments - effective 1 April 2018*Classification and Measurement*

Previously, the Group's trade receivables and other financial assets (i.e., other investments, other receivables, amount due from a related company, amount due from a Director, fixed deposits with licensed banks and cash and cash equivalents) were classified as available-for-sale and loans and receivables, respectively are now classified and measured at fair value through other comprehensive income and amortised cost, respectively.

Impairment

In respect of impairment of financial assets, MFRS 9 replaces the MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments. The Group adopted MFRS 9 retrospectively with practical expedients and transitional exemptions as allowed by the standard. Nevertheless, as permitted by MFRS 9, the Group has elected not to restate the comparatives. The change in impairment model did not have a material impact to the consolidated financial statements of the Group.

MFRS 16 Leases – effective 1 April 2019

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

13. ACCOUNTANTS' REPORT (CONT'D)**3. BASIS OF PREPARATION (CONT'D)****3.2 Changes in Accounting Policies (cont'd)**MFRS 16 Leases – effective 1 April 2019 (cont'd)

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The adoption of MFRS 16 has no material financial impact to the consolidated financial statements of the Group.

3.3 Basis of Measurement

The consolidated financial statements of the Group are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

13. ACCOUNTANTS' REPORT (CONT'D)**3. BASIS OF PREPARATION (CONT'D)****3.3 Basis of Measurement (cont'd)**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

3.4 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional currency and all values are rounded to the nearest RM except when otherwise stated.

3.5 Adoption of New Standards/Amendments/Improvements to MFRSs

The Group has consistently applied the accounting policies set out in Note 4 to all periods presented in these consolidated financial statements.

At the beginning of the current financial year, the Group adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 April 2021.

Initial application of the new standards/amendments/improvements to the standards did not have material impact on the consolidated financial statements of the Group.

3.6 Standards Issued But Not Yet Effective

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

Effective for annual period beginning on or after 1 January 2022

- Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contract-Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018-2020

Effective for annual period beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts *
- Amendments to MFRS 17 Insurance Contracts *
- Amendments to MFRS 17 Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies

13. ACCOUNTANTS' REPORT (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.6 Standards Issued But Not Yet Effective (cont'd)

Effective for annual period beginning on or after 1 January 2023 (cont'd)

- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Deferred to a date to be determined by the MASB

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the Group's operations.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impact to the consolidated financial statements of the Group upon its first adoption.

3.7 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

3.7.1 Estimation Uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

Management estimates the useful lives of the equipment to be within 5 years and reviews the useful lives of depreciable assets at end of each reporting period. At the end of the reporting period, management assesses that the useful lives represent the expected utility of the assets to the Group.

Actual results, however, may vary due to change in the expected level of usage, which results in adjustment to the Group's assets.

The carrying amount of the Group's equipment at the reporting date is disclosed in Note 5 to the consolidated financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**3. BASIS OF PREPARATION (CONT'D)****3.7 Significant Accounting Estimates and Judgements (cont'd)****3.7.1 Estimation Uncertainty (cont'd)***Provision for expected credit losses ("ECLs") of receivables*

The Group uses a provision matrix to calculate ECLs for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the retail sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual defaults in the future.

Income taxes

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. SIGNIFICANT ACCOUNTING POLICIES

The Group applies the significant accounting policies, as summarised below, consistently throughout all years presented in the consolidated financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 Business Combination****4.1.1 Basis of Business Combination**

The consolidated financial statements comprise the financial statements of Agmo Holdings Berhad, Agmo Studio Sdn. Bhd., Agmo Capital Sdn. Bhd., Agmo Digital Solutions Sdn. Bhd., Agmo Tech Sdn. Bhd., and Agmo Sierra Holdings Sdn. Bhd. (formerly known as Agmo Strongbyte Holdings Sdn. Bhd.). The financial statements are prepared for the same reporting date as Agmo Holdings Berhad. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

4.1.2 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. Control exists when the Group is exposed, 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. Besides, the Group 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.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

4.1.3 Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 Business Combination (cont'd)****4.1.3 Loss of Control (cont'd)**

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

4.1.4 Elimination on Combination

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

4.1.5 Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Group, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Group. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

4.1.6 Associate and Joint Arrangement

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The investment in an associate and joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the associate and joint venture made up to the end of the reporting period. The Group's share of post-acquisition profits and other comprehensive income/expenses of the associate and joint venture are included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate and joint venture is carried in the consolidated financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate and joint venture, the carrying amount of that interest is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate and joint venture are eliminated to the extent of the Group's interest in the associate and joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 Business Combination (cont'd)****4.1.6 Associate and Joint Arrangement (cont'd)**

When the Group ceases to have significant influence over an associate and joint venture and the retained interest in the former associate and joint venture is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate and joint venture to profit or loss when the equity method is discontinued.

4.2 Equipment

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

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

Depreciation is recognised on the straight-line method in order to write off the cost or valuation of each asset over its estimated useful life. Equipment are depreciated based on the estimated useful lives of the assets as follows:-

Computer and software	20%
Office equipment	20%
Fixture and fittings	20%

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of equipment.

Equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the asset is derecognised.

4.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 Financial Instruments (cont'd)****4.3.1 Financial Assets***Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade and most of the other receivables, fixed deposits placed with licensed banks, amount due from a Director and cash and bank balances.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 Financial Instruments (cont'd)****4.3.1 Financial Assets (cont'd)***Financial assets 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.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 Financial Instruments (cont'd)****4.3.1 Financial Assets (cont'd)***Impairment*

The Group recognises an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, and cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experiences and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience with forward-looking information. An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group assesses whether the financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

4.3.2 Financial Liabilities*Initial recognition and measurement*

On initial recognition, the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 Financial Instruments (cont'd)****4.3.2 Financial Liabilities (cont'd)***Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at amortised cost

This is the category most relevant to the Group and the Company. Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Any gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

The Group's financial liability includes other payables and accruals.

Derecognition

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

4.3.3 Offsetting of Financial Instruments

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

4.4 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, bank balances and short-term fixed deposits with licensed financial institution and short term, highly liquid investment which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.5 Impairment of Non-financial Assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for such asset in prior years. Such reversal is recognised in the profit or loss unless it is carried at the revalued amount, in which case the reversal is treated as a revaluation increase.

4.6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the rights to control the use of an identified asset for a period of time in exchange for consideration.

4.6.1 Group as Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.6 Leases (cont'd)****4.6.1 Group as Lessee (cont'd)****4.6.1.1 Right-of-use Assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

- Office premises rental 2 to 6 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as set out in Note 4.5 to the financial statements.

4.6.1.2 Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses their incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4.6.1.3 Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.7 Equity Instrument**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior financial years retained earnings.

All transactions with owners of the Company are recorded separately with equity.

4.8 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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

4.9 Revenue from Contracts with Customers

The Group's revenue arises from a range of services including development of mobile and web applications, provision of digital platform-based services and provision of subscription, hosting, technical support and maintenance services.

The Group recognises revenue when it satisfies a performance obligation by transferring control of a promised service to a customer. The Group determines whether the service are distinct, and therefore separate performance obligations, when there are multiple promises in a contract. At inception of the contract, the Group determines the consideration or transaction price that it expects to be entitled in exchange for transferring promised services to the customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of relative standalone selling prices of each distinct service promised in the contract and is recognised when those performance obligations are satisfied and the control of services is transferred to the customer, either over time or at a point in time.

4.9.1 Development of Mobile and Web Applications

Revenue from development of mobile and web applications comprise multiple promises which may include project management, procurement of software, software application design, deployment and testing of software application, technical support and its related installation and integration. The Group determines that each promise is distinct and are therefore separate performance obligations. These contracts usually comprise fixed consideration. The transaction price is allocated to each performance obligation on the basis of relative standalone selling prices of each distinct service promised in the contract.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.9 Revenue from Contracts with Customers (cont'd)****4.9.1 Development of Mobile and Web Applications (cont'd)**

Revenue from development of mobile and web applications is recognised at the point in time when the Group has transferred control of promised service to the customer and the results are shared with the customers.

A receivable is recognised when the services are rendered as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due.

4.9.2 Provision of Digital Platform-based Services

Revenue from provision of digital platform-based services is recognised at the point in time when the service is rendered to the customer.

A receivable is recognised when the services are rendered as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due.

4.9.3 Provision of Subscription, Hosting, Technical Support and Maintenance Services

Revenue from provision of subscription, hosting, technical support and maintenance services are billed in advance and recognised over time in the period in which the subscription, hosting, technical support and maintenance services are performed. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because customer receives and uses the benefits simultaneously. As a practical expedient, the Group recognises the revenue on a straight-line method over the period of service. The subscription, hosting, technical support and maintenance services can be renewed quarterly, bi-annually or annually.

4.9.4 Trade Receivables

A receivable represents the Group's rights to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 4.3.1.

4.9.5 Contract Liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods and services. Contract liabilities are recognised as revenue when the Group performs its obligations under the contract (i.e., transfer control of the related goods or services to the customer).

4.9.6 Revenue from Other Source**4.9.6.1 Interest Income**

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

4.9.6.2 Income from Fixed Income Fund

Income from fixed income fund is recognised when the right to receive payment is established.

13. ACCOUNTANTS' REPORT (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.10 Employees' Benefits****4.10.1 Short-term Employees' Benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year, in which the associated services are rendered by the employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences are incurred.

4.10.2 Defined Contribution Plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF").

4.11 Tax Expense

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

4.11.1 Current Tax

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

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

4.11.2 Deferred Tax

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

13. ACCOUNTANTS' REPORT (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.11 Tax Expense (cont'd)****4.11.2 Deferred Tax (cont'd)**

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

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

4.12 Goods and Services Tax

The Malaysia Government has zero rated the GST effective from 1 June 2018. This means the GST rate on supplying of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST was replaced with the Sales and Services Tax effective from 1 September 2018. The rate for sale tax is fixed at 5% or 10%, while the rate for service tax is fixed at 6%.

The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.

4.13 Sales and Services Tax

Expenses and assets are recognised net of the amount of sales and services tax, except:-

- (a) when the sales and services tax incurred on a purchase of assets, the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- (b) when receivables and payables are stated with the amount of sales and services tax included.

The net amount of sales and services tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.

13. ACCOUNTANTS' REPORT (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.14 Foreign Currency Transactions and Balances**

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

4.15 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All reporting segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

4.16 Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of ordinary shares in issue during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of shares in issue, for the effects of all potential dilutive ordinary shares during the period.

13. ACCOUNTANTS' REPORT (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.17 Related Parties**

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

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

13. ACCOUNTANTS' REPORT (CONT'D)**5. EQUIPMENT**

Audited	<u>Computer and software</u> RM	<u>Office equipment</u> RM	<u>Fixture and fittings</u> RM	<u>Total</u> RM
Cost				
At 1 April 2018	132,031	8,559	-	140,590
Additions	47,297	16,721	-	64,018
At 31 March 2019	179,328	25,280	-	204,608
Additions	71,097	1,797	-	72,894
At 31 March 2020	250,425	27,077	-	277,502
Additions	71,106	1,522	-	72,628
At 31 March 2021	321,531	28,599	-	350,130
Additions	328,206	24,072	6,937	359,215
At 31 March 2022	649,737	52,671	6,937	709,345
Accumulated depreciation				
At 1 April 2018	65,827	1,907	-	67,734
Charge for the financial year	25,732	4,220	-	29,952
At 31 March 2019	91,559	6,127	-	97,686
Charge for the financial year	32,732	5,184	-	37,916
At 31 March 2020	124,291	11,311	-	135,602
Charge for the financial year	43,066	5,519	-	48,585
At 31 March 2021	167,357	16,830	-	184,187
Charge for the financial year	82,552	7,267	578	90,397
At 31 March 2022	249,909	24,097	578	274,584
Net carrying amounts				
At 31 March 2019	87,769	19,153	-	106,922
At 31 March 2020	126,134	15,766	-	141,900
At 31 March 2021	154,174	11,769	-	165,943
At 31 March 2022	399,828	28,574	6,359	434,761

13. ACCOUNTANTS' REPORT (CONT'D)

6. RIGHT-OF-USE ASSETS

The Group leases two office premises for a period of 2 to 3 years plus renewal options of 2 to 3 years after the end of the current lease terms. The Group has assessed that it is reasonably certain that the renewal options will be exercised.

Audited	<u>Office premises</u> <u>RM</u>
Cost	
At 1 April 2021	-
Additions	<u>861,111</u>
At 31 March 2022	<u>861,111</u>
Accumulated depreciation	
At 1 April 2021	-
Charge for the financial year	<u>82,793</u>
At 31 March 2022	<u>82,793</u>
Net carrying amounts	
At 31 March 2022	<u><u>778,318</u></u>

7. INVESTMENT IN AN ASSOCIATE

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Unquoted shares, at cost	269,231	269,231	269,231	-
Share of post-acquisition results, net of tax	<u>(269,231)</u>	<u>(269,231)</u>	<u>(269,231)</u>	<u>-</u>
	-	-	-	-
Loans that are part of net investment	1,868,526	1,868,526	1,868,526	-
Less: Accumulated impairment loss	<u>(1,868,525)</u>	<u>(1,868,525)</u>	<u>(1,868,525)</u>	<u>-</u>
	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>

Loans that are part of net investment represent amount due from an associate which is non-trade in nature, unsecured and non-interest bearing. The settlement of this amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Group to treat this amount as a long-term source of capital to the associate. As this amount is, in substance, a part of the Group's net investment in the associate, it is stated at cost less accumulated impairment loss, if any.

13. ACCOUNTANTS' REPORT (CONT'D)

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

In the year 2019 to 2021, the Group did not recognise losses related to Appstremely Sdn. Bhd., where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the previous reporting period was RM3,709,349 (2020: RM3,086,186; 2019: RM2,423,890), of which RM623,163 (2020: RM662,296; 2019: RM746,312) was the share of the respective financial year's losses. The Group has no obligation in respect of these losses.

The movement of accumulated impairment losses is as follows:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
At 1 April	1,868,525	1,868,525	1,868,525	1,868,525
Disposal	-	-	-	(1,868,525)
At 31 March	<u>1,868,525</u>	<u>1,868,525</u>	<u>1,868,525</u>	<u>-</u>

The impairment loss was provided for the investment in an associate, Appstremely Sdn. Bhd. as the associate was loss making and in capital deficiency as at the respective financial year end. The carrying amount of investment in an associate has been assessed to be irrecoverable.

The details of associate is as follows:-

<u>Name of associate</u>	<u>Principal place of business</u>	<u>Effective ownership interest and voting interest</u>				<u>Principal activities</u>
		<u>2019</u> %	<u>2020</u> %	<u>2021</u> %	<u>2022</u> %	
Appstremely Sdn. Bhd. [#]	Malaysia	35	35	35	-	Information technology software and application development, advisory on computer software and hardware technologies and applications.

[#] - Audited by an auditor other than Grant Thornton Malaysia PLT.

Summarised financial information has not been presented for the previous financial years as the associate was not material to the Group.

In the year 2022, the Group has disposed off its investment in an associate to a third party for a total sale consideration of RM200,000 in cash.

13. ACCOUNTANTS' REPORT (CONT'D)

8. INVESTMENT IN A JOINT VENTURE

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Unquoted shares, at cost	-	-	-	210,000
Share of post-acquisition results, net of tax	-	-	-	(3,921)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,079</u>

The details of the joint venture is as follows:-

Name of joint venture	Principal place of business	Effective ownership interest and voting interest				Principal activities
		<u>2019</u> %	<u>2020</u> %	<u>2021</u> %	<u>2022</u> %	
WorkGrowth Technology Sdn. Bhd.#	Malaysia	-	-	-	35	Business and other applications, other information technology services activities.

#- Audited by auditors other than Grant Thornton Malaysia PLT.

On 9 August 2021, ACSB subscribed 35% of equity interest in WGT for a total cash consideration of RM35,000. On 25 November 2021, ACSB further subscribed additional 175,000 ordinary shares in WGT for a total cash consideration of RM175,000. The additional subscription does not result in the change of effective equity interest in WGT.

WGT is established as a separate vehicle and provides the Group with rights to the net assets of the entity. Accordingly, the Group has classified the investment in WGT as a joint venture.

The summary of the unaudited financial information of the Group's material joint venture, WGT, after adjusting for any differences in accounting policies and reconciling the unaudited financial information to the carrying amount of the Group's interest in the joint venture is as below:-

	WGT <u>2022</u> RM
Financial position as at 31 March	
Non-current assets	530,000
Current assets	61,235
Current liabilities	<u>(2,437)</u>
Net assets	<u>588,798</u>

13. ACCOUNTANTS' REPORT (CONT'D)

8. INVESTMENT IN A JOINT VENTURE (CONT'D)

The summary of the unaudited financial information of the Group's material joint venture, WGT, after adjusting for any differences in accounting policies and reconciling the unaudited financial information to the carrying amount of the Group's interest in the joint venture is as below (cont'd):-

	WGT <u>2022</u> RM
Summary of financial performance for the financial period ended 31 March	
Revenue	3,500
Finance cost	53
Loss for the financial period	(11,202)
Total comprehensive loss for the financial period	<u>(11,202)</u>
Group's share of loss for the financial period	(3,921)
Group's share of total comprehensive loss for the financial period	<u>(3,921)</u>
Reconciliation of net assets to carrying amount	
Group's share of net assets/Carrying amount in the statement of financial position	<u>206,079</u>

Contingent liabilities and capital commitment

The joint venture has no contingent liabilities or capital commitments as at the reporting date.

9. OTHER INVESTMENTS

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Fair value through other comprehensive income ("FVTOCI")				
<u>Non-current asset</u>				
Unquoted shares, at fair value	<u>107,991</u>	<u>107,991</u>	<u>107,991</u>	<u>174,659</u>

The Group has designated the equity investment at FVTOCI because the Group intends to hold these investments for long-term strategic purposes.

The fair value of each investment is summarised as follows:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Unquoted shares of Entity A	67,740	67,740	67,740	67,740
Unquoted shares of Entity B	40,250	40,250	40,250	40,250
Unquoted shares of Entity C	1	1	1	1
Unquoted shares of Entity D	-	-	-	66,667
Unquoted shares of Entity E	-	-	-	1
	<u>107,991</u>	<u>107,991</u>	<u>107,991</u>	<u>174,659</u>

13. ACCOUNTANTS' REPORT (CONT'D)

9. OTHER INVESTMENTS (CONT'D)

Other investments stated at fair value are analysed into Level 3 fair value measurements.

The Level 3 fair value of other investments have been determined using discounted cash flow approach based on the next 5 financial years' pre-tax cash flow projections that approved by management using the significant unobservable inputs. All unquoted shares investments fall within Level 3 fair value measurements.

The fair value of unquoted equity investment in Entity D at the end of the reporting period approximates the cost of investment due to the relatively short period of time since the investment was made by the Group and there have been no significant changes to Entity D's business operations and market conditions in which it operates.

The details of significant unobservable inputs of material investments under Level 3 fair value measurement relating to Entity A and B are as follows:-

Investment in an entity engaged in providing mobile application for healthcare consultation service (Entity A)

<u>Unobservable Inputs</u>		<u>Relationship of Unobservable Inputs to Fair Value</u>	<u>Sensitivity Analysis (Assume All Other Variables Held Constant)</u>
Revenue growth rates of 5% (2021: 5%; 2020: 5%; 2019: 5%)	Based on management's experience and knowledge of market conditions of the specific industry.	The higher the revenue growth rate, the higher the fair value.	A 1% change in revenue growth rate would result in an increase/decrease in the fair value by RM47,000.
Pre-tax operating profit margins of 8% (2021: 4%; 2020: 4%; 2019: 4%)	Taking into account management's experience and knowledge of market conditions of the specific industry.	The higher the pre-tax operating margin, the higher the fair value.	A 1% change in pre-tax operating profit margin would result in an increase/decrease in the fair value by RM111,000.
Discount rate of 10% (2021: 10%; 2020: 10%; 2019: 10%)	Determined using a Weighted Average Cost of Capital.	The higher the discount rate, the lower the fair value.	A 1% change in discount rate would result in a decrease/increase in the fair value by RM11,000.

13. ACCOUNTANTS' REPORT (CONT'D)

9. OTHER INVESTMENTS (CONT'D)

The details of significant unobservable inputs of material investments under Level 3 fair value measurement relating to Entity A and B are as follows (cont'd):-

Investment in an entity engaged in online land search platform and legal-related information search platform (Entity B)

Unobservable <u>Inputs</u>	Relationship of Unobservable Inputs to Fair <u>Value</u>	Sensitivity Analysis (Assume All Other Variables Held <u>Constant</u>)
Revenue growth rates of 8% (2021: 8%; 2020: 8%; 2019: 8%)	Based on management's experience and knowledge of market conditions of the specific industry.	The higher the revenue growth rate, the higher the fair value.
Pre-tax operating profit margins of approximately 8% (2021: 7%; 2020: 7%; 2019: 7%)	Taking into account management's experience and knowledge of market conditions of the specific industry.	The higher the pre-tax operating margin, the higher the fair value.
Discount rate of 10% (2021: 10%; 2020: 10%; 2019: 10%)	Determined using a Weighted Average Cost of Capital.	The higher the discount rate, the lower the fair value.
		A 1% change in revenue growth rate would result in an increase/decrease in the fair value by approximately RM24,000.
		A 1% change in pre-tax operating profit margin would result in an increase/decrease in the fair value by approximately RM38,000.
		A 1% change in discount rate would result in a decrease/increase in the fair value by approximately RM6,000.

10. TRADE RECEIVABLES

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Trade receivables				
- Third parties	1,102,118	1,813,883	3,751,933	4,466,961
- Associate	5,210	-	-	-
- Related parties	110,640	-	217,869	-
	1,217,968	1,813,883	3,969,802	4,466,961
Less: Allowance for expected credit losses	(10,632)	-	(225,110)	(33,110)
	1,207,336	1,813,883	3,744,692	4,433,851
Accrued revenue	-	-	55,156	-
	<u>1,207,336</u>	<u>1,813,883</u>	<u>3,799,848</u>	<u>4,433,851</u>

13. ACCOUNTANTS' REPORT (CONT'D)**10. TRADE RECEIVABLES (CONT'D)**

The movement of allowance for expected credit losses is as follows:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
At 1 April	-	10,632	-	225,110
Addition during the year	10,632	-	225,110	-
Amount written off during the year as uncollectible	-	(10,632)	-	-
Reversal	-	-	-	(192,000)
At 31 March	<u>10,632</u>	<u>-</u>	<u>225,110</u>	<u>33,110</u>

The normal credit term granted by the Group to the trade receivables are 30 to 90 days (2021: 30 to 90 days; 2020: 30 to 90 days; 2019: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Non-trade receivables	-	75,000	75,000	10,000
Deposits	5,000	24,000	10,738	38,941
Prepayments	24,385	-	11,036	33,978
Prepayments of initial public offering listing expenses	-	-	-	1,323,160
GST receivable	<u>2,652</u>	<u>738</u>	<u>-</u>	<u>-</u>
	<u>32,037</u>	<u>99,738</u>	<u>96,774</u>	<u>1,406,079</u>

12. AMOUNT DUE FROM A DIRECTOR

The amount due from a Director is non-trade in nature, unsecured, interest free and receivable up to 3 years from disbursement date.

In the year 2021, the amount due from a Director has been fully settled.

13. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The fixed deposits placed with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.66% to 2.47% (2021: 1.60% to 3.08%; 2020: 2.95% to 3.30%; 2019: 3.30% to 4.15%) per annum.

Included in fixed deposits placed with licensed banks amounting to RM11,824 (2021: RM24,934; 2020: RM24,542; 2019: Nil) is held in trust by one of the Directors of the Company. The said fixed deposit is pledged as security for a banking facility granted to a subsidiary within the Group to facilitate the issuance of performance bond as required under a contract with a customer.

13. ACCOUNTANTS' REPORT (CONT'D)

14. CASH AND BANK AND SHORT TERM INVESTMENT

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Fixed income fund with a licensed bank	1,538,623	-	-	-
Short term investment	-	-	-	979,332
Cash at banks and on hand	<u>2,702,802</u>	<u>7,790,226</u>	<u>1,308,299</u>	<u>1,438,694</u>
	<u>4,241,425</u>	<u>7,790,226</u>	<u>1,308,299</u>	<u>2,418,026</u>

The fixed income fund with a licensed bank and short term investment represent investment in highly liquid investments which are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

The short term investment is recognised initially at its fair value and subsequently measured at fair value through profit or loss. The fair value changes during the financial year is recognised in profit or loss.

15. SHARE CAPITAL

	← Audited →			
	<u>2019</u> Unit	<u>2020</u> Unit	<u>2021</u> Unit	<u>2022</u> Unit
At beginning of the financial year/At end of the financial year	<u>400,000,000</u>	<u>400,000,000</u>	<u>400,000,000</u>	<u>400,000,000</u>

	← Audited Amount →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Issued and fully paid with no par value:-				
At beginning of the financial year/At end of the financial year	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

13. ACCOUNTANTS' REPORT (CONT'D)

16. NON-CONTROLLING INTERESTS

The Group's subsidiary that has non-controlling interests is as follows:-

	ASHSB			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Effective equity interest (%)	-	-	-	30
Carrying amount of non-controlling interests	-	-	-	46,426
Profit/Total comprehensive income allocated to non-controlling interests	-	-	-	46,126

The summary of financial information before intra-group elimination for the Group's subsidiary that has material non-controlling interest is as below:-

	ASHSB <u>2022</u> RM
Financial position as at 31 March	
Non-current assets	83,252
Current assets	384,373
Non-current liabilities	(51,230)
Current liabilities	<u>(107,594)</u>
Net assets	<u>308,801</u>
Summary of financial performance for the financial year ended 31 March	
Revenue	562,926
Profit for the financial year	307,801
Total comprehensive income for the financial year	<u>307,801</u>
Summary of cash flows for the financial year ended 31 March	
Net cash inflow from operating activities	6,293
Net cash outflow from investing activity	(31,479)
Net cash inflow from financing activities	<u>25,622</u>
Net cash inflow	<u>436</u>

17. DEFERRED TAX LIABILITIES

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
At 1 April	5,561	8,936	8,936	25,509
Recognised in profit or loss (Note 28)	<u>3,375</u>	<u>-</u>	<u>16,573</u>	<u>33,060</u>
At 31 March	<u>8,936</u>	<u>8,936</u>	<u>25,509</u>	<u>58,569</u>

13. ACCOUNTANTS' REPORT (CONT'D)

17. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax liabilities as at the end of the reporting year are made up of the temporary differences arising from:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
<u>Deferred tax liability</u>				
Equipment over its tax base	8,936	8,936	25,509	58,569

18. LEASE LIABILITIES

	Audited <u>2022</u> RM
At 1 April	-
Addition	861,111
Accretion of lease liabilities interest	21,916
Payments	(77,855)
As at 31 March	<u>805,172</u>
Represented by:-	
Current	153,657
Non-current	<u>651,515</u>
	<u>805,172</u>

The effective interest rate of lease liabilities of the Group is charged at 5.40% per annum.

The maturity analysis of lease liabilities is disclosed in Note 35(b) to the financial statements.

The following are the amounts recognised in profit or loss:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Depreciation of right-of-use assets	-	-	-	82,793
Accretion of interest on lease liabilities	-	-	-	21,916
Expenses relating to short-term leases	-	1,800	1,800	1,800

13. ACCOUNTANTS' REPORT (CONT'D)

18. LEASE LIABILITIES (CONT'D)

The following are total cash outflow from lease liabilities:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Interest paid	-	-	-	21,916
Repayment of lease liabilities	-	-	-	55,939
Payment of short-term leases	-	1,800	1,800	1,800
	<u>-</u>	<u>1,800</u>	<u>1,800</u>	<u>79,655</u>

19. OTHER PAYABLES AND ACCRUALS

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Non-trade payables	44,210	73,612	69,367	221,057
Accruals	71,142	254,010	174,432	824,647
Sales and services tax payable	77,816	140,818	214,201	376,907
	<u>193,168</u>	<u>468,440</u>	<u>458,000</u>	<u>1,422,611</u>

20. CONTRACT LIABILITIES

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Advanced billings for provision of subscription, hosting, technical support and maintenance services	-	135,865	382,428	512,155

Contract liabilities relate to advanced billings for provision of subscription, hosting, technical support and maintenance services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to.

13. ACCOUNTANTS' REPORT (CONT'D)**21. REVENUE**

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
<u>Types of revenue</u>				
Development of mobile and web applications	5,123,945	5,413,174	7,269,410	12,956,637
Provision of subscription, hosting, technical support and maintenance services	310,941	800,454	1,068,141	2,377,022
Provision of digital platform-based services	-	-	702,777	1,192,012
	<u>5,434,886</u>	<u>6,213,628</u>	<u>9,040,328</u>	<u>16,525,671</u>
<u>Timing of revenue recognition</u>				
Services at a point in time	5,123,945	5,413,174	7,972,187	14,148,649
Services transferred over time	310,941	800,454	1,068,141	2,377,022
	<u>5,434,886</u>	<u>6,213,628</u>	<u>9,040,328</u>	<u>16,525,671</u>

22. OTHER INCOME

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Bad debt recovered	-	-	-	2,000
Gain on disposal of investment in an associate	-	-	-	199,999
Unrealised gain on foreign exchange	-	11,750	-	2,759
Realised gain on foreign exchange	-	-	2,024	-
Miscellaneous income	878	-	-	2,311
	<u>878</u>	<u>11,750</u>	<u>2,024</u>	<u>207,069</u>

23. DEPRECIATION

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Depreciation of equipment	29,952	37,916	48,585	90,397
Depreciation of right-of-use assets	-	-	-	82,793
	<u>29,952</u>	<u>37,916</u>	<u>48,585</u>	<u>173,190</u>

13. ACCOUNTANTS' REPORT (CONT'D)

24. OTHER EXPENSES

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Bad debts written off	44,100	10,632	45,000	-
Fair value loss on short term investment	-	-	-	20,667
Realised loss on foreign exchange	5,969	520	-	18,849
Unrealised loss on foreign exchange	-	-	564	-
	<u>50,069</u>	<u>11,152</u>	<u>45,564</u>	<u>39,516</u>

25. FINANCE INCOME

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Interest from fixed deposits	51,079	8,284	189,067	94,271
Interest from fixed income fund	27,000	111,618	-	-
	<u>78,079</u>	<u>119,902</u>	<u>189,067</u>	<u>94,271</u>

26. FINANCE COST

Finance cost comprises interest expense incurred on lease liabilities.

27. PROFIT BEFORE TAX

Profit before tax is determined after charging, amongst others the following items:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Auditors' remuneration				
- current year	16,000	28,000	40,000	55,000
- under provision in previous financial year	1,000	1,702	-	-
Rental of equipment	1,800	-	-	-
Expenses relating to short term lease	-	1,800	1,800	1,800
	<u>-</u>	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>

13. ACCOUNTANTS' REPORT (CONT'D)
28. TAX EXPENSE

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Income tax:-				
Current year	12,470	1,988	45,381	179,304
Under provision in prior year	<u>9,624</u>	<u>-</u>	<u>-</u>	<u>4,015</u>
	<u>22,094</u>	<u>1,988</u>	<u>45,381</u>	<u>183,319</u>
Deferred tax (Note 17):-				
Current year	1,100	-	16,573	34,997
Under/(Over) provision in prior year	<u>2,275</u>	<u>-</u>	<u>-</u>	<u>(1,937)</u>
	<u>3,375</u>	<u>-</u>	<u>16,573</u>	<u>33,060</u>
	<u>25,469</u>	<u>1,988</u>	<u>61,954</u>	<u>216,379</u>

Revenue from principal activities of a subsidiary, Agmo Studio Sdn. Bhd. is not subject to income tax, due to an incentive granted under the MSC Malaysia status, whereby the subsidiary is granted full tax exemption on its statutory income from pioneer activities. This incentive is granted under the Promotion of Investments Act 1986 with extension of another five (5) years, from 11 December 2017 to 10 December 2022.

A reconciliation of tax expense applicable to profit before tax at the statutory tax rate to tax expense at the effective tax rate of the Group are as follows:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Profit before tax	<u>2,436,929</u>	<u>2,497,575</u>	<u>4,066,346</u>	<u>6,954,768</u>
At Malaysian statutory tax rate at 24%	584,863	599,418	975,923	1,669,144
Tax effects in respect of:-				
Expenses not deductible for tax purposes	45,362	36,607	122,039	182,772
Income not subject to tax	(6,480)	(29,608)	-	(94,560)
Movement of deferred tax assets not recognised	-	-	134,630	243,735
Tax exempted under MSC Malaysia status	(610,175)	(604,429)	(1,170,638)	(1,787,731)
Under provision of current tax in prior year	9,624	-	-	4,015
Under/(Over) provision of deferred tax in prior year	2,275	-	-	(1,937)
Share of results in a joint venture	<u>-</u>	<u>-</u>	<u>-</u>	<u>941</u>
	<u>25,469</u>	<u>1,988</u>	<u>61,954</u>	<u>216,379</u>

13. ACCOUNTANTS' REPORT (CONT'D)

28. TAX EXPENSE (CONT'D)

Deferred tax assets at gross have not been recognised in respect of the following temporary differences due to uncertainty of recoverability:-

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
Unused tax losses	-	-	566,755	1,335,213
Unabsorbed capital allowances	-	-	35,652	122,398
Provision	-	-	-	201,891
Carrying amount of qualifying equipment over its tax base	-	-	(41,447)	(82,980)
	<u>-</u>	<u>-</u>	<u>560,960</u>	<u>1,576,522</u>

In the current and previous financial year, there are unused tax losses and unabsorbed capital allowances from a subsidiary, Agmo Tech Sdn. Bhd. amounting to RM1,335,213 (2021: RM566,755) and RM122,398 (2021: RM35,652) respectively. Deferred tax assets have not been recognised in respect of these items as the subsidiary may not have sufficient future taxable profits in which these items can be utilised.

The comparative figures of the Group have been revised to reflect the previous year's final tax submission.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the time frame to carry forward current year tax losses for Year of Assessment ("YA") 2019 and subsequent years of assessment has been extended from 7 to 10 consecutive years of assessment. Unabsorbed tax losses accumulated up to YA 2018 can now be carried forward for 10 consecutive years of assessment until YA 2028.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
Utilisation period of temporary differences:-				
Indefinite	-	-	(5,795)	241,309
Within 10 years from unabsorbed tax loss	-	-	566,755	1,335,213
	<u>-</u>	<u>-</u>	<u>560,960</u>	<u>1,576,522</u>

13. ACCOUNTANTS' REPORT (CONT'D)

29. EARNINGS PER SHARE

	← Audited →			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
Profit attributable to owners (RM)	2,411,460	2,495,587	4,004,392	6,692,263
Number of ordinary shares	400,000,000	400,000,000	400,000,000	400,000,000
Basic earnings per share (RM)	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

30. DIVIDENDS

	← Audited →			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
<u>In respect of the financial year ended 31 March 2019:-</u>				
An interim single-tier dividend of 0.075% per ordinary share, paid on 15 February 2019	300,000	-	-	-
A final single-tier dividend of 0.03% per ordinary share, paid on 18 March 2020	-	120,573	-	-
<u>In respect of the financial year ended 31 March 2020:-</u>				
A single-tier dividend of 0.75% per ordinary share, paid on 22 February 2021	-	-	3,000,000	-
<u>In respect of the financial year ended 31 March 2021:-</u>				
A single-tier dividend of 0.75% per ordinary share, paid on 22 March 2021	-	-	3,000,000	-
<u>In respect of the financial year ended 31 March 2022:-</u>				
A single-tier dividend of 0.75% per ordinary share, paid on 31 March 2022	-	-	-	3,000,000
	<u>300,000</u>	<u>120,573</u>	<u>6,000,000</u>	<u>3,000,000</u>

13. ACCOUNTANTS' REPORT (CONT'D)

31. EMPLOYEE BENEFITS EXPENSES

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Salaries and other emoluments	2,064,139	2,674,603	3,105,706	6,908,334
Defined contribution plan	235,134	312,902	368,432	742,332
Social security contribution	22,640	32,475	37,750	74,782
Other benefits	150,179	223,461	163,117	308,389
	<u>2,472,092</u>	<u>3,243,441</u>	<u>3,675,005</u>	<u>8,033,837</u>

Included in the employee benefit expense is the Directors' remuneration as below:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Salaries and other emoluments	337,870	348,270	334,376	404,775
Defined contribution plan	41,890	43,509	40,537	44,308
Social security contribution	1,847	1,847	1,616	1,847
Other benefits	9,964	13,111	2,415	-
	<u>391,571</u>	<u>406,737</u>	<u>378,944</u>	<u>450,930</u>

32. RELATED PARTY DISCLOSURES

- (a) Related party transactions have been entered into in the normal course of business under negotiated terms and conditions and are mutually agreed with respective parties. The significant related party transactions of the Group are as follows:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Sales to related parties				
- MY E.G. Services Berhad	150,700	74,504	96,780	517,800
- Cardbiz Solutions Sdn. Bhd.	19,360	-	-	-
- Syok Driver Sdn. Bhd.	-	-	93,208	-
- Mama Dessert (M) Sdn. Bhd.	-	-	7,124	2,390
- Getcoinapp Sdn. Bhd.	-	-	153,774	-
- GoConsult Sdn. Bhd.	235,094	399	-	-
- NFT Pangolin Technologies Sdn. Bhd.	-	-	-	195,000
- WorkGrowth Technology Sdn. Bhd.	-	-	-	350,980
- Zetrix Sdn. Bhd. (formerly known as MYBB Techchain Sdn. Bhd.)	-	-	-	30,000

13. ACCOUNTANTS' REPORT (CONT'D)**32. RELATED PARTY DISCLOSURES (CONT'D)**

- (a) Related party transactions have been entered into in the normal course of business under negotiated terms and conditions and are mutually agreed with respective parties. The significant related party transactions of the Group are as follows (cont'd):-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Sales to an associate	19,795	-	-	-
Purchases from a related party				
- Hurr TV Sdn. Bhd.	-	-	(179,900)	(195,056)
Commission receivable from a related party				
- Mama Dessert (M) Sdn. Bhd.	-	-	164	-
(Advance to)/Repayment from a Director	(11,881)	(13,765)	25,664	-
Payment of lease liabilities to a related party				
- MY E.G. Services Berhad	-	-	-	(58,500)

- (b) Outstanding balances arising from related parties as at the reporting date are disclosed in Notes 10 and 12 to the consolidated financial statements.
- (c) Compensation of key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. Key management includes all the Directors of the Group and certain members of senior management.

The remuneration of key management personnel is as follows:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Salaries and other emoluments	496,210	511,810	469,301	649,879
Defined contribution plan	61,928	64,495	56,893	76,846
Social security contribution	2,770	2,770	1,825	3,326
Other benefits	18,397	24,240	2,899	-
	<u>579,305</u>	<u>603,315</u>	<u>530,918</u>	<u>730,051</u>

13. ACCOUNTANTS' REPORT (CONT'D)

33. SEGMENT INFORMATION

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

The Group is organised into three (3) main reportable segments as follows:-

- (a) Development of mobile and web applications
- (b) Provision of digital platform-based services
- (c) Provision of subscription, hosting, technical support and maintenance services

Inter-segment pricing is determined on a negotiated basis.

Segment profit

Segment profit is used to measure performance as the Directors believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

Segment assets information is neither included in the internal management reports nor provided regularly to the Directors. Hence no disclosure is made on segment assets.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Directors. Hence no disclosure is made on segment liabilities.

13. ACCOUNTANTS' REPORT (CONT'D)

33. SEGMENT INFORMATION (CONT'D)

Group	Development of mobile and web applications RM	Provision of subscription, hosting, technical support and maintenance services RM	Total as per consolidated financial statements RM
2019			
Revenue			
External revenue	5,123,945	310,941	5,434,886
Total revenue			<u>5,434,886</u>
Results			
Segment profit	2,603,222	140,705	2,743,927
Other income			878
Net measurement of expected credit losses			(10,632)
Selling and marketing expense			(3,228)
Administrative expenses			(292,074)
Depreciation			(29,952)
Other expenses			(50,069)
Finance income			<u>78,079</u>
Profit before tax			2,436,929
Tax expense			<u>(25,469)</u>
Profit for the financial year			<u>2,411,460</u>
2020			
Revenue			
External revenue	5,413,174	800,454	6,213,628
Total revenue			<u>6,213,628</u>
Results			
Segment profit	2,528,616	290,059	2,818,675
Other income			11,750
Net measurement of expected credit losses			10,632
Selling and marketing expenses			(6,028)
Administrative expenses			(408,288)
Depreciation			(37,916)
Other expenses			(11,152)
Finance income			<u>119,902</u>
Profit before tax			2,497,575
Tax expense			<u>(1,988)</u>
Profit for the financial year			<u>2,495,587</u>

13. ACCOUNTANTS' REPORT (CONT'D)

33. SEGMENT INFORMATION (CONT'D)

Group (cont'd)	<u>Development of mobile and web applications</u> RM	<u>Provision of digital platform-based service</u> RM	<u>Provision of subscription, hosting, technical support and maintenance services</u> RM	<u>Elimination</u> RM	<u>Total as per consolidated financial statements</u> RM
2021					
Revenue					
External revenue	7,409,910	702,777	1,068,141	(140,500)	9,040,328
Total revenue					<u>9,040,328</u>
Results					
Segment profit	3,726,055	399,068	501,619	-	4,626,742
Other income					2,024
Net measurement of expected credit losses					(225,110)
Selling and marketing expenses					(40,157)
Administrative expenses					(392,071)
Depreciation					(48,585)
Other expenses					(45,564)
Finance income					<u>189,067</u>
Profit before tax					4,066,346
Tax expense					<u>(61,954)</u>
Profit for the financial year					<u>4,004,392</u>

13. ACCOUNTANTS' REPORT (CONT'D)

33. SEGMENT INFORMATION (CONT'D)

Group (cont'd)	<u>Development of mobile and web applications</u> RM	<u>Provision of digital platform-based service</u> RM	<u>Provision of subscription, hosting, technical support and maintenance services</u> RM	<u>Elimination</u> RM	<u>Total as per consolidated financial statements</u> RM
2022					
Revenue					
External revenue	13,753,181	1,192,012	2,637,804	(1,057,326)	16,525,671
Total revenue					<u>16,525,671</u>
Results					
Segment profit	5,620,978	760,178	999,436	-	7,380,592
Other income					207,069
Net measurement of expected credit losses					192,000
Selling and marketing expenses					(12,410)
Administrative expenses					(668,211)
Depreciation					(173,190)
Other expenses					(39,516)
Finance cost					(21,916)
Finance income					94,271
Share of loss of equity-accounted joint venture					<u>(3,921)</u>
Profit before tax					6,954,768
Tax expense					<u>(216,379)</u>
Profit for the financial year					<u>6,738,389</u>

Geographical information

Revenue based on geographical location of customers are as follows:-

	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Malaysia	4,578,215	4,766,318	7,301,356	14,461,649
Hong Kong	662,578	858,024	987,054	1,350,133
Singapore	-	18,450	721,743	647,106
Sri Lanka	137,400	427,550	-	-
Other countries	56,693	143,286	30,175	66,783
	<u>5,434,886</u>	<u>6,213,628</u>	<u>9,040,328</u>	<u>16,525,671</u>

13. ACCOUNTANTS' REPORT (CONT'D)

33. SEGMENT INFORMATION (CONT'D)

Major customers

The following are the major customers with revenue equal or more than 10% of the Group's revenue for the financial years ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022.

	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM	<u>Segment</u>
Customer A	662,578	858,024	987,054	1,997,447	Development of mobile and web applications
Customer B	966,937	*	1,180,374	*	Development of mobile and web applications; and Provision of subscription, hosting, technical support and maintenance services
Customer C	*	*	*	2,266,902	Development of mobile and web applications; and Provision of subscription, hosting, technical support and maintenance services

* denotes revenue of less than 10% of the Group's revenue.

34. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:-

- (a) Amortised cost ("AC");
- (b) Fair value through other comprehensive income ("FVTOCI"); and
- (c) Fair value through profit or loss ("FVTPL")

	<u>Carrying amount</u> RM	<u>AC</u> RM	<u>FVTOCI</u> RM	<u>FVTPL</u> RM
2019				
<u>Financial assets</u>				
Other investments	107,991	-	107,991	-
Trade receivables	1,207,336	1,207,336	-	-
Other receivables and deposits	5,000	5,000	-	-
Amount due from a Director	11,879	11,879	-	-
Fixed deposits placed with licensed banks	1,531,915	1,531,915	-	-
Cash and bank balances	4,241,425	4,241,425	-	-
	<u>7,105,546</u>	<u>6,997,555</u>	<u>107,991</u>	<u>-</u>
<u>Financial liability</u>				
Other payables and accruals	<u>115,352</u>	<u>115,352</u>	<u>-</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (CONT'D)

34. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

- (a) Amortised cost ("AC");
 (b) Fair value through other comprehensive income ("FVTOCI"); and
 (c) Fair value through profit or loss ("FVTPL")

	Carrying amount RM	AC RM	FVTOCI RM	FVTPL RM
2020				
<u>Financial assets</u>				
Other investments	107,991	-	107,991	-
Trade receivables	1,813,883	1,813,883	-	-
Other receivables and deposits	99,000	99,000	-	-
Amount due from a Director	25,644	25,644	-	-
Fixed deposits placed with licensed banks	24,542	24,542	-	-
Cash and bank balances	7,790,226	7,790,226	-	-
	<u>9,861,286</u>	<u>9,753,295</u>	<u>107,991</u>	<u>-</u>
<u>Financial liability</u>				
Other payables and accruals	327,622	327,622	-	-
2021				
<u>Financial assets</u>				
Other investments	107,991	-	107,991	-
Trade receivables	3,799,848	3,799,848	-	-
Other receivables and deposits	85,738	85,738	-	-
Fixed deposits placed with licensed banks	2,784,164	2,784,164	-	-
Cash and bank balances	1,308,299	1,308,299	-	-
	<u>8,086,040</u>	<u>7,978,049</u>	<u>107,991</u>	<u>-</u>
<u>Financial liability</u>				
Other payables and accruals	243,799	243,799	-	-
2022				
<u>Financial assets</u>				
Other investments	174,659	-	174,659	-
Trade receivables	4,433,851	4,433,851	-	-
Other receivables and deposits	48,941	48,941	-	-
Fixed deposits placed with licensed banks	4,097,891	4,097,891	-	-
Cash and bank and short term investment	2,418,026	1,438,694	-	979,332
	<u>11,173,368</u>	<u>10,019,377</u>	<u>174,659</u>	<u>979,332</u>
<u>Financial liability</u>				
Other payables and accruals	1,045,704	1,045,704	-	-

13. ACCOUNTANTS' REPORT (CONT'D)**35. FINANCIAL RISK MANAGEMENT**

The Group is exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing their credit risk, liquidity risk and foreign currency risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade 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.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the Chief Executive Officer.

Following are the areas where the Group is exposed to credit risk:-

(i) Trade receivables

As at the end of the reporting date, the maximum exposure to credit risk arising from trade receivables is limited to the carrying amounts in the consolidated statements of financial position.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group assesses ECL on trade receivables based on provision matrix, the expected loss rates are based on the payment profile for sales in the past as well as the corresponding historical credit losses during the period. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in forward-looking estimates are analysed.

Generally, trade receivables 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 debts) despite the fact that they are still subject to enforcement activities. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Note 10 to the consolidated financial statement. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets.

13. ACCOUNTANTS' REPORT (CONT'D)**35. FINANCIAL RISK MANAGEMENT (CONT'D)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group is exposed to credit risk (cont'd):-

(i) Trade receivables (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:-

	<u>Gross</u> RM	Loss <u>allowances</u> RM	<u>Net</u> RM
2019			
Not past due	386,538	-	386,538
Past due:-			
1 - 30 days	76,108	-	76,108
31- 60 days	28,832	-	28,832
60 - 90 days	485,462	-	485,462
More than 90 days	230,396	-	230,396
	<u>1,207,336</u>	-	<u>1,207,336</u>
Credit impaired			
Individually impaired	10,632	(10,632)	-
	<u>1,217,968</u>	<u>(10,632)</u>	<u>1,207,336</u>
2020			
Not past due	600,289	-	600,289
Past due:-			
1 - 30 days	262,070	-	262,070
31- 60 days	577,434	-	577,434
60 - 90 days	204,382	-	204,382
More than 90 days	169,708	-	169,708
	<u>1,813,883</u>	-	<u>1,813,883</u>
2021			
Not past due	2,392,338	-	2,392,338
Past due:-			
1 - 30 days	829,015	-	829,015
31- 60 days	204,864	-	204,864
60 - 90 days	109,783	-	109,783
More than 90 days	208,692	-	208,692
	<u>3,744,692</u>	-	<u>3,744,692</u>
Credit impaired			
Individually impaired	225,110	(225,110)	-
	<u>3,969,802</u>	<u>(225,110)</u>	<u>3,744,692</u>

13. ACCOUNTANTS' REPORT (CONT'D)**35. FINANCIAL RISK MANAGEMENT (CONT'D)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group is exposed to credit risk (cont'd):-

(i) Trade receivables (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix (cont'd):-

	<u>Gross</u> RM	<u>Loss</u> <u>allowances</u> RM	<u>Net</u> RM
2022			
Not past due	2,245,000	-	2,245,000
Past due:-			
1 - 30 days	263,457	-	263,457
31- 60 days	260,994	-	260,994
60 - 90 days	845,256	-	845,256
More than 90 days	819,144	-	819,144
	4,433,851	-	4,433,851
Credit impaired			
Individually impaired	33,110	(33,110)	-
	<u>4,466,961</u>	<u>(33,110)</u>	<u>4,433,851</u>

(ii) Other receivable

The maximum exposure to credit risk is represented by their carrying amounts in the consolidated statements of financial position.

The Group provides unsecured advances to a Director.

As at the end of 2019 and 2020, there was no indication that the advances to a Director is not recoverable. In the year 2021, the amount due from a Director has been fully settled.

(iii) Fixed deposits placed with licensed banks and cash and bank and short term investment

The credit risk for fixed deposits placed with licensed banks and cash and bank and short term investment are considered negligible, since the counterparties are reputable banks and licensed financial services with high quality external credit ratings.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due.

13. ACCOUNTANTS' REPORT (CONT'D)

35. FINANCIAL RISK MANAGEMENT (CONT'D)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

In managing their exposures to liquidity risk, the Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities as and when they fall due.

The summary of the maturity profile based on the contractual undiscounted repayment obligations are set out as follows:-

	Carrying amount RM	Contractual cash flow RM	On demand/ less than a year RM	1-2 years RM	2-5 years RM	More than 5 years RM
2019						
<u>Unsecured:</u>						
Other payables and accruals	115,352	115,352	115,352	-	-	-
2020						
<u>Unsecured:</u>						
Other payables and accruals	327,622	327,622	327,622	-	-	-
2021						
<u>Unsecured:</u>						
Other payables and accruals	243,799	243,799	243,799	-	-	-
2022						
<u>Unsecured:</u>						
Other payables and accruals	1,045,704	1,045,704	1,045,704	-	-	-
Lease liabilities	805,172	921,799	192,702	183,097	468,000	78,000
	1,850,876	1,967,503	1,238,406	183,097	468,000	78,000

13. ACCOUNTANTS' REPORT (CONT'D)

35. FINANCIAL RISK MANAGEMENT (CONT'D)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency on transactions and balances that are denominated in currencies other than the financial currency. The currency giving rise to this is primarily Singapore Dollar ("SGD") and United States Dollar ("USD"). 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, based on carrying amounts as at the end of the reporting year was:-

	<u>SGD</u> RM	<u>USD</u> RM
2019		
Trade receivables	-	-
2020		
Trade receivables	-	216,055
2021		
Trade receivables	93,073	457,316
2022		
Trade receivables	86,818	498,060

Foreign currency sensitivity analysis

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

	<u>Profit for the</u> <u>financial year</u> RM	<u>Equity</u> RM
2020		
USD/RM		
- Strengthened 0.46%	994	994
- Weakened (0.46%)	(994)	(994)
2021		
SGD/RM		
- Strengthened 0.16%	149	149
- Weakened (0.16%)	(149)	(149)
USD/RM		
- Strengthened 0.32%	1,463	1,463
- Weakened (0.32%)	(1,463)	(1,463)

13. ACCOUNTANTS' REPORT (CONT'D)**35. FINANCIAL RISK MANAGEMENT (CONT'D)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) Foreign currency risk (cont'd)Foreign currency sensitivity analysis (cont'd)

The following table demonstrates the sensitivity of the Group's profit/equity for the financial year to a reasonably possible change in the SGD and USD exchange rates against the functional currency of the Group, with all other variables held constant (cont'd).

	Profit for the <u>financial year</u> RM	<u>Equity</u> RM
2022		
SGD/RM		
- Strengthened 0.06%	52	52
- Weakened (0.06%)	<u>(52)</u>	<u>(52)</u>
USD/RM		
- Strengthened 0.13%	647	647
- Weakened (0.13%)	<u>(647)</u>	<u>(647)</u>

The Group does not have any transactions or balances denominated in foreign currencies in financial year 2019 and accordingly, the foreign currency sensitivity analysis is not presented.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise the shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders and return capital to shareholders.

There were no changes in the Group's approach to capital management during the financial years ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022.

13. ACCOUNTANTS' REPORT (CONT'D)**37. FAIR VALUE OF FINANCIAL INSTRUMENT**

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

As the Group does not have any financial instruments not carried at fair value, the following table sets out only the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:-

	Fair value of financial instruments carried at fair value <u>Level 2</u> RM	Fair value of financial instruments carried at fair value <u>Level 3</u> RM	Total <u>fair value</u> RM	Carrying <u>amount</u> RM
2019				
Other investments	-	107,991	107,991	107,991
2020				
Other investments	-	107,991	107,991	107,991
2021				
Other investments	-	107,991	107,991	107,991
2022				
Other investments	-	174,659	174,659	174,659
Cash and bank and short term investments:-				
Short term investment	979,332	-	979,332	979,332
	<u>979,332</u>	<u>174,659</u>	<u>1,153,991</u>	<u>1,153,991</u>

Fair value of financial instruments carried at fair value

- (a) The Level 2 fair value of short term investment is determined by reference to the statement provided by the licensed services provider, with which the investments were entered into.
- (b) The Level 3 fair value of other investments have been determined using discounted cash flow income approach based on pre-tax cash flow projections performed by management based on the significant unobservable inputs as disclosed in Note 9 to the financial statements of the Group.
- (c) There were no transfers between Level 2 and Level 3 during the financial years under review.

13. ACCOUNTANTS' REPORT (CONT'D)**38. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES**

	<u>1 April</u> RM	<u>Others</u> RM	<u>Cash flows</u> RM	<u>31 March</u> RM
2022				
Lease liabilities	-	861,111*	(55,939)	805,172

* Being addition of lease liabilities.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS UNDER REVIEW**(i) COVID-19**

The World Health Organisation declared the 2019 Novel Coronavirus infection (“COVID-19”) a pandemic on 11 March 2020. The Malaysian Government imposed the Movement Control (“MCO”) on 18 March 2020 and has subsequently entered into various phases of the MCO.

The Group has been granted approval from the Ministry of International Trade and Industry to continue its operations and with proper Standard Operating Procedures put in place.

The Group has performed assessments on the overall impact of the situation on the Group’s operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 March 2022.

Given the fluidity of the situation, the Group will continuously monitor the impact of the COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group’s operations.

(ii) Investment in a joint venture

On 15 March 2021, the Company has entered into a joint venture agreement with a third party, LKC Advance Technology Sdn. Bhd. (“LKC”) and through its subsidiary, ACSB to set up a joint venture company, WGT to provide services in relation to technical design, development, testing, server hosting and maintenance support for WorkGrowth HRMS solution at a development cost of RM500,000 which has been settled via the issuance of ordinary shares in WGT and in cash and maintenance costs calculated based on the number of users at the rates prescribed in the joint venture agreement. As at the date of this report, the development of the WorkGrowth HRMS solution has completed and the ordinary shares in WGT has been issued and allotted to ACSB and LKC.

As at the date of this report, the paid-up capital of WGT is RM600,000 comprising 600,000 ordinary shares of WGT. The equity interest in WGT by the Group and LKC is 35% and 65% respectively.

13. ACCOUNTANTS' REPORT (CONT'D)

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS UNDER REVIEW (CONT'D)

(iii) Disposal of investment in an associate

On 6 September 2021, the Group through its subsidiary, Agmo Studio Sdn. Bhd. ("ASSB") disposed of its entire equity interest of 2,692,307 ordinary shares in the associate, Appstremely Sdn. Bhd., representing 35% of the total issued and paid up share capital at a total sale consideration of RM200,000 in cash.

Subsequent to the disposal, Appstremely Sdn. Bhd. ceased to be an associate of the Group.

(iv) Investment in Advisonomics Sdn. Bhd.

On 30 August 2021, the Group through its subsidiaries, ASSB and ACSB have entered into a share transfer agreement with R. Raevendran A/L S. Ramachandran ("Transferor"), Asgari Bin Mohd Fuad Stephens and Advisonomics Sdn Bhd ("Advisonomics") to regulate the relationship between the parties as shareholders of Advisonomics and certain aspects of the affairs and their dealings with Advisonomics.

Pursuant to the share transfer agreement, ASSB shall assign one or more of its personnels from time-to-time to serve as Advisonomics' technology advisor(s) for 3 consecutive years commencing from 30 August 2021, at a consideration of RM200,000.

As a settlement of consideration for services rendered by ASSB, Transferor has agreed to transfer to ACSB, 1,089 ordinary shares in Advisonomics equally in 3 tranches as follows:-

<u>Tranches</u>	<u>Description</u>
First tranche	upon signing of the term sheet in relation to the engagement with ASSB;
Second tranche	upon completion of the first year of the tenure; and
Third tranche	upon completion of the second year of the tenure.

Pursuant to the above, ACSB's shareholdings in Advisonomics will increase proportionately each year for 3 years up to 0.947%.

The principal activity of Advisonomics is provision of financial consultancy services. As at the date of this report, the paid-up capital of Advisonomics is RM115,274 comprising 115,274 ordinary shares. The equity interest of ACSB in Advisonomics is 0.3% with which comprising 363 ordinary shares.

In view of ACSB's minor shareholding and non-significant influence in Advisonomics, Advisonomics is accounted for as an investee company of the Group.

(v) Appointment as project manager for Proposed Cross Border Supernode ("Project")

On 21 September 2021, the Company has entered into a shareholders' agreement with Mydigitalcoin Sdn Bhd ("Mydigitalcoin"), Bubi Technologies Co. Ltd and Star Jewel Capital Inc in respect of Zetrix Sdn. Bhd. (formerly known as MYBB Techchain Sdn Bhd) ("Zetrix") ("Shareholders' Agreement") to regulate the relationship inter se of shareholders and other parties who will become shareholders of Zetrix. Zetrix has been set up as a joint collaboration between the Company, Mydigitalcoin, Bubi Technologies Co. Ltd and Star Jewel Capital Inc (collectively, the "Parties") which is intended to be principally involved in blockchain business development in and outside of Malaysia.

13. ACCOUNTANTS' REPORT (CONT'D)**39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS UNDER REVIEW (CONT'D)****(v) Appointment as project manager for Proposed Cross Border Supernode ("Project") (cont'd)**

Pursuant to a letter of award dated 21 September 2021 issued by Zetrix to the Company, in consideration of the obligation by the Company above, Mydigitalcoin shall pay the Company a retainer fee of RM5,000 per month from 1 October 2021 for 42 months ("Contract Period") payable at the end of the Contract Period. Subject to mutual agreement, the accumulated fees will be converted to 5% of Zetrix's fully diluted shareholding at the end of the Contract Period, payable by Mydigitalcoin. Thus, when the conversion right is exercised, Mydigitalcoin shall transfer 5% of its shareholding in Zetrix to the Company or its nominated recipient, after the Contract Period.

Subsequent to the Contract Period, the cumulative retainer fee of RM210,000 would be treated as other investment after it has been converted to 5% of Zetrix's shareholding upon mutual agreement by the Company and Mydigitalcoin.

(vi) Change in effective equity interest in a subsidiary

On 28 October 2021, the Company has subscribed an additional 699 ordinary shares in its subsidiary, ASHSB at an issue price of RM1.00 per ordinary share for a total cash consideration of RM699. On even date, two third parties, namely Tang Tung Ai and Fong Huang Yee, have subscribed a total of 300 ordinary shares in ASHSB at an issue price of RM1.00 per ordinary share for a total cash consideration of RM300. Pursuant thereto, ASHSB became a partially-owned subsidiary of the Company with change in effective equity interest from 100% to 70%.

(vii) Share Consolidation

On 27 June 2022, the Company has completed the share consolidation of 400,000,000 existing ordinary shares into 240,000,000 ordinary shares on the basis of every five (5) existing ordinary shares in the Company into three (3) ordinary shares. The issued share capital after share consolidation was 240,00,000 ordinary shares which reduced by 160,000,000 ordinary shares from 400,000,000 ordinary shares. Accordingly, the share capital of the Company would remain at RM4,000,000.

13. ACCOUNTANTS' REPORT (CONT'D)

AGMO HOLDINGS BERHAD

(Incorporated in Malaysia)

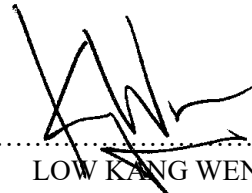
STATEMENT BY DIRECTORS

We, the undersigned, being the Directors of Agmo Holdings Berhad, do hereby state that, in our opinion, the consolidated financial statements set out on pages 4 to 69 are drawn up so as to give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 and of their financial performance and cash flows for each of the financial years ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and Chapter 10 Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 13 July 2022.



.....
TAN AIK KEONG



.....
LOW KANG WEN

Kuala Lumpur

14. STATUTORY AND OTHER GENERAL INFORMATION

14.1 EXTRACT OF OUR CONSTITUTION

Subject to the receipt of the approvals and fulfilment of the conditions as may be imposed by the relevant authorities as set out in Section 2 of this Prospectus, the following provisions relating to the selected matters are reproduced from our Constitution.

The words and expressions appearing in this section shall bear the same meanings used in our Constitution or the context otherwise requires.

Words	Meaning
"Alternate Director"	means any person who has been appointed and for the time being holds office as an alternate director of our Company in accordance with the provisions of our Constitution.
"Clause"	means a Clause contained in our Constitution.
"CD Rules"	means the rules of the Central Depository.
"Deposited Securities"	means Securities standing to the credit of a Securities Account and includes Securities in a Securities Account that is in suspense.
"Listed"	means admitted to the Official List, and "listing" shall be construed accordingly.
"Member"	means any person for the time being registered as the holder of shares in the share capital of our Company in the Register of Members (except the Central Depository in its capacity as bare trustee) and any Depositor whose name appears on the Record of Depositors and who has a credit balance of shares in our Company in his or her Securities Account who shall be treated as if he were a Member pursuant to Section 35 of the Central Depositories Act.
"Register of Members"	means the register of Members to be kept pursuant to the Act.
"Registrar"	means the Registrar of Companies designated under Section 20A(1) of the Companies Commission of Malaysia Act 2001 and includes any Deputy or Assistant Registrar of Companies.
"Securities"	means Securities as defined in Section 2 of the Capital Markets and Services Act 2007 or any modification, amendment or re-enactment thereof for the time being in force and "Security" shall be construed accordingly.
"Securities Account"	means an account established by the Central Depository for a Depositor for the recording of deposits of Securities and for dealing in such Securities by the Depositor.
"Stock Exchange"	means Bursa Malaysia Securities Berhad and its successors in title and permitted assigns and such other stock exchange if any, upon which the shares of our Company may be listed and quoted.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

14.1.1 Changes to share capital and variation of class rights

Clause 6 – Class of shares

“The shares in our Company may be divided into several classes, and there may be attached to any of them respectively any preferential, deferred and / or other special rights, privileges, conditions and / or restrictions as to dividends, capital, voting and / or otherwise.”

Clauses 7.1 and 7.2 – Authority of Directors to allot shares

“Subject to the provisions of the Act, the Central Depositories Act, the CD Rules, Listing Requirements and our Constitution, the Directors may issue Securities in our Company to such persons and at such time and consideration and with such preferred, deferred, or other special rights, restrictions or exclusions, whether in regard to distribution, voting, return of capital, or otherwise and, on such other terms and conditions, as the Directors may determine provided however that no Securities in our Company shall be issued which shall have the effect of transferring a controlling interest in our Company without the prior approval of Members in general meeting. The exercise of the aforesaid rights shall be without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares.

Subject to the provisions of our Constitution, the Directors shall not exercise any power to:

- (i) allot shares in our Company;
- (ii) grant rights to subscribe for shares in our Company;
- (iii) convert any security into shares in our Company; or
- (iv) allot shares under an agreement or option or offer,

unless the prior approval of the Members by way of ordinary resolution has been obtained.”

Clause 72 – Alteration of capital by special resolution

“Our Company may by special resolution:

- (i) consolidate and divide all or any of its share capital, such that the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (ii) convert all or any of its paid-up shares into stock and reconvert that stock into fully-paid shares; or
- (iii) subdivide its shares or any of its shares, such that whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

Our Company may by special resolution reduce its share capital in any manner authorised by the Act.”

Clause 73 – Alteration in accordance with conditions and terms

“Anything done in pursuance of the last preceding Clause of our Constitution shall be done in the manner provided and subject to any conditions imposed by the Act so far as they shall be applicable, and so far as they are not applicable, in accordance with the terms of the resolution authorising the same, and so far as such resolution shall not be applicable, in such manner as the Directors deem most expedient.”

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**Clause 74 – Increase of share capital**

“Our Company in a general meeting may by ordinary resolution increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and (subject to any special rights for the time being attached to any existing class of shares) to carry such preferential, deferred or other special rights (if any), or to be subject to such conditions or restrictions (if any), in regard to distribution including dividends, return of capital, voting or otherwise, as the general meeting resolving upon such increase directs.”

Clause 75.1 – Issue of new shares to existing Members

“Subject to any direction to the contrary that may be given by our Company in general meeting, all new shares or other convertible Securities proposed to be issued shall, before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from our Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by written notice specifying the number of shares or convertible Securities offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or convertible Securities offered, the Directors may dispose of those shares or convertible Securities in such manner as they think most beneficial to our Company. The Directors may likewise also dispose of any new shares or convertible Securities which (by reason of the ratio which the new shares or Securities bear to shares or convertible Securities held by the persons entitled to an offer of new shares or convertible Securities) cannot, in the opinion of the Directors, be conveniently offered under our Constitution.”

Clause 75.2 - New capital to be considered as part of the current share capital of our Company

“Except so far as otherwise provided by or pursuant to the conditions of issue, any new share capital shall be considered as part of the original share capital of our Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.”

Clause 76 – Modification of rights

“Notwithstanding Clause 77 of our Constitution, the repayment of preference share capital other than redeemable preference share capital, or any other alteration of preference shares and their Members' rights, shall only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of 3/4 of the preference share capital concerned within 2 months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.”

Clause 77 - Variation of shareholders' rights

“If the share capital is divided into different classes of shares, the rights attached to any class unless otherwise provided by the terms of issue of that class may, whether or not our Company is being wound up, be varied by a written consent representing not less than 75% of the total voting rights of the Members in that class, or by a special resolution passed by Members in that class sanctioning the variation.”

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

Clause 83 - No variation of rights by issuance of new shares

“The special rights conferred upon the holders of any shares or class of shares issued with preferred or other special rights shall not, unless otherwise expressly provided by the terms of issue of such shares, as regards to participation in the profits or assets of our Company in some or in all respects be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.”

14.1.2 Transfer of securities

Clause 35 – Form of transfer

“Subject to the provisions of the Act, these Clauses, the Central Depositories Act and the CD Rules with respect to transfer of Deposited Security, all transfers of Securities:

- (i) to the Central Depository or its nominee company; or
- (ii) prior to the listing and quotation of such shares on the Stock Exchange,

may be effected by transfer in writing in the usual common form conforming with the Act and / or approved by the Stock Exchange, or such form as may from time to time, be prescribed under the Act or approved by the Stock Exchange.”

Clause 36 – No restriction on transfer of fully paid up Listed Securities

“Subject to our Constitution, the CD Rules and except as may be required by law, there shall be no restriction on the transfer of fully paid-up Listed Securities in our Company.”

Clause 37 - Transfer of Listed Securities by book entry

“The transfers of any Deposited Securities or class of Deposited Securities in our Company shall be by way of book entry by the Central Depository in accordance with the CD Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Subsection 148(2) of the Act and any exemptions that may be made from compliance with Section 148(1) of the Act, our Company shall be precluded from registering and effecting any transfer of the Deposited Securities.”

Clause 38 – Refusal to register

“The Central Depository may refuse to register any transfer of Deposited Securities if it does not comply with the Central Depositories Act or the CD Rules.”

Clause 39 – Instrument of transfer

“Subject to the Central Depositories Act and the CD Rules, the instrument of transfer of a Security lodged with our Company for registration must be signed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members.”

Clauses 40 and 41.1 – Restriction of transfer

“Subject to the Central Depositories Act and the CD Rules, no Security shall in any circumstances be transferred to any infant, child, bankrupt or person of unsound mind.”

“With the exception of transfer in favour of the Central Depository and subject to the provisions of the Central Depositories Act and the CD Rules, the Directors may subject to Clause 41.4 decline to register the transfer of any Securities (not being a fully paid Securities) and may also decline to register the transfer of any Securities on which our Company has a lien or if the registration of the transfer would result in a contravention of or failure to observe the provisions of a law in Malaysia.”

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**Clause 42 – Suspension of registration of transfers**

“Registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine but so that no part of the Register of Members shall be closed for more than 30 days in the aggregate in any year. 14 Market Days’ (or such other minimum period as may be prescribed by the Stock Exchange) notice of such suspension shall be given to the Stock Exchange and the Registrar stating the purpose or purposes for the suspension. In relation to the suspension, our Company shall give notice, in accordance with the Central Depositories Act and the CD Rules, to enable the Central Depository to issue the relevant Record of Depositors.”

Clause 45 – Recognition of renunciation of allotment

“Nothing in these Clauses shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.”

Clause 46 – Limitation of liability

“Subject to the Act, the Central Depositories Act and the CD Rules, neither our Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of Securities apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to our Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the Securities proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside and notwithstanding that, our Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the Securities transferred, or otherwise in defective manner. In every such case, the person registered as transferee, his legal personal representatives and assignees, subject to compliance with the Act, the Central Depositories Act and the CD Rules, alone shall be entitled to be recognised as the holder of such Deposited Securities and the previous holder shall, so far as our Company is concerned, be deemed to have transferred his whole title thereto.”

14.1.3 Remuneration of Directors**Clause 118.1 – Fees and benefits of Directors**

“Fees and benefits payable to Directors shall be subject to annual approval of Members at a general meeting provided always that:

- (i) fees payable to non-executive Directors shall be by way of a fixed sum, and not by way of a commission on or percentage of profits or turnover. Salaries payable to executive Directors may not include a commission on or percentage of turnover; and
- (ii) any fee paid to an Alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.”

Clauses 118.2, 118.3 and 118.4 – Payment of expenses

“The Directors may also be reimbursed for all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board or any committee of Directors or general meetings of our Company or otherwise howsoever in connection with the business of our Company in the course of performing their duties as Directors.”

“In case our Company be wound up for any reason or purpose whatsoever, a Director shall not be entitled to any compensation in respect of the period which elapses between the date of the said winding up and the date at which, if our Company has not been wound up, he would have retired under these Clauses.”

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

“An Alternate Director shall not be entitled to receive any fees, compensation or benefits other than out of the fees and benefits of the Director who appointed him.”

Clause 122 – Fees and benefits of managing director

“A managing director shall, subject to the Act and the terms of any agreement entered into in any particular case, receive such fees and benefits, whether by way of salary, commission, or participation in profits, or partly in one way and partly another, as the Board may determine, subject to and in accordance with the Act.”

Clause 128.3 – Right to payment for professional services

“Subject to the Act and the Listing Requirements, any Director may act by himself or his firm in a professional capacity for our Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as an auditor of our Company.”

Clause 129 – Pensions and donations

“Subject to the Act generally and Section 230 of the Act specifically, the Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant, donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of our Company or of any company which is a subsidiary of our Company or of the predecessors in business of our Company or of any such subsidiary company, or the wives, widows, families or dependents of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds, trusts or individuals calculated to be for the benefit of any such persons as aforesaid (including grants of scholarships and bursaries) or otherwise to advance the interests and well-being of our Company or of any such other company as aforesaid or of its members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions, donations or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.”

Clause 160 – Remuneration of executive officer

“The remuneration of the Directors appointed to an executive position under Clause 159.1 of our Constitution shall subject to the terms of any agreement entered into in any particular case, be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement. The remuneration of the Directors appointed to an executive position shall be determined by the Board and can either be in addition to or in lieu of his / their fee as a Director.”

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

14.1.4 Voting and borrowing powers of our Directors**Clause 126 – Directors' borrowing powers**

"The Directors may exercise all the powers of our Company to borrow money or secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures or debenture stock of our Company, charged upon all or any part of the property of our Company (both present and future) including uncalled capital or by means of mortgages, bonds and dispositions in security or bonds of cash-credit, with or without power of sale, as the Directors shall think fit. If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from our Company, the Directors may, subject to the Act, execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of our Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability."

Clause 127 – Keeping of registers

"The Directors shall duly comply with the provisions of the Act, and particularly the provisions as to registration and keeping copies of mortgages and charges, keeping of the Register of Members keeping a register of Directors and entering all necessary particulars therein, and sending a copy thereof or a notification of any changes therein to the Registrar, and sending to the Registrar an annual return, together with the certificates and the particulars required by the Act notices as to increase of capital, returns of allotments and contracts relating thereto, copies of resolutions and agreements, and other particulars connected with the above."

Clause 128 – Disclosure of interest in contracts, proposed contracts etc.

"A Director who has an interest in a contract or proposed contract with our Company under Section 221 of the Act and / or the Listing Requirements:

- (i) if required under Section 221 of the Act and / or the Listing Requirements, shall declare the nature of his interest in accordance with the said provisions; and
- (ii) subject to Section 222 of the Act and / or the Listing Requirements:
 - (a) shall not vote or participate in any discussion regarding the said contract or proposed contract (and if he has done so, his vote shall not be counted); and
 - (b) shall be counted only to make the quorum present at the meeting of the Board.

Clauses 144 and 145 – Quorum

"The quorum necessary for the transaction of the business of the Directors shall be 2."

"No business may be transacted at a meeting of the Board if a quorum is not present."

Clause 149 – Voting

"Subject to the provisions of our Constitution, questions arising at any meeting of the Directors shall be decided and a resolution of the Board shall be passed, if approved by a majority of votes. In the case of equality of votes and subject to Clause 128 of our Constitution, the chairman shall have a casting vote. However, where 2 Directors validly constitute a quorum, the chairman of a meeting at which only such a quorum is present, or at which only 2 Directors are competent to vote on the question at issue shall not have a casting vote, whereupon, in the case of equality of votes, the status quo shall be maintained in respect of such matter or thing contained in the resolution as it stood immediately before the resolution was placed before the Board. The other business not affected by such resolution shall continue as usual."

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

14.2 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 6 months after the date of issue of this Prospectus.
- (ii) As at the LPD, our Company has only 1 class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in this Prospectus, no shares, stocks or debentures of our Company have been issued or proposed to be issued as fully or partly paid-up in cash or otherwise, within the 2 years immediately preceding the date of this Prospectus.
- (iv) None of the share capital of our Group is under option, or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- (v) Save for the Public Issue Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.3.1(ii) of this Prospectus and subject to our Listing as disclosed in Section 9 of this Prospectus, there is currently no other scheme involving our directors and employees in the share capital of our Group.
- (vi) As at the date of this Prospectus, our Group does not have any outstanding warrants, options, convertible securities or uncalled capital.
- (vii) Save as disclosed in this Prospectus, and save as provided for under our Constitution and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in any of our Company or our Subsidiaries or upon the declaration or payment of any dividend or distribution thereon.

14.3 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND / OR EXERCISE VOTING RIGHTS

Save as disclosed in Section 14.4 below, there is no limitation on the right to own our Shares including any limitation on the right of a non-residents or foreign shareholders to hold or exercise their voting rights on our Shares imposed by Malaysian law or by our Constitution.

14.4 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

14.5 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contract which is not in the ordinary course of our Group's business within the Financial Years Under Review and up to the date of this Prospectus:

- (i) a shareholders' agreement dated 15 May 2015 as supplemented by deeds of adherence dated 18 January 2021 and 24 September 2020 respectively entered into by Pee See Tat, Agmo Capital and Chan Pik Zen respectively in respect of NextProperty Ventures Sdn. Bhd., pursuant to which the parties have agreed to enter into this agreement to regulate their respective rights as shareholders of NextProperty Ventures Sdn. Bhd.;
- (ii) a shareholders' agreement dated 18 March 2017 entered into between Agmo Capital, June Low Ee Lyn and Cheng Kah Hoo, pursuant to which parties entered into this agreement to regulate their respective rights as shareholders of Ezlaw International Sdn. Bhd.;
- (iii) a shareholders' agreement dated 29 March 2017 as supplemented by deeds of adherence dated 1 February 2021 and 29 March 2017 entered into by Agmo Capital, Choy Wai Mun, Lee Choon Keat and Lee Zhi Yong, pursuant to which parties entered into this agreement to regulate their respective rights as shareholders of Heydoc International Sdn. Bhd.;
- (iv) a letter of grant dated 3 November 2021 entered into between Wong Kee Vin, an employee of the Group and Agmo Capital pursuant to which Agmo Capital (as grantor) grants Wong Kee Vin (as grantee) 10.0% of the proceeds either in the form of cash and / or non-cash consideration of the sale of Agmo Capital's total shareholding in Heydoc International Sdn. Bhd. at any point in time, without any consideration by Wong Kee Vin ("**Heydoc Shares**"). Pursuant to the letter of grant, Wong Kee Vin shall be entitled to receive 10.0% of the proceeds of sale of the Heydoc Shares upon the occurrence of an event wherein Agmo Capital divests the Heydoc Shares to any third party including but not limited to, pursuant to any merger and acquisition exercise or Heydoc International Sdn. Bhd. is listed on a recognized stock exchange ("**Exit Event**"). As at the LPD, no Exit Event has occurred. The letter of grant was entered into as an incentive to Wong Kee Vin for his contributions towards the development of the DOC2US mobile application for Heydoc International Sdn. Bhd. and to remain as an employee of the Group. In the event Wong Kee Vin ceases to be an employee of the Group before the Exit Event, the letter of grant shall lapse;
- (v) a joint venture agreement dated 15 March 2021 entered into between LKC Advance Technology Sdn. Bhd., Agmo, Agmo Capital and WorkGrowth Technology, pursuant to which LKC Advance Technology Sdn. Bhd. and Agmo Capital agree to set up a joint venture company, namely WorkGrowth Technology, on a joint venture basis wherein Agmo and Agmo Capital agree to provide services through Agmo's wholly-owned subsidiary, Agmo Studio, in relation to technical design, development, testing, server hosting and maintenance support for WorkGrowth HRMS solution at a development cost of RM500,000.00, which has been settled via the issuance of ordinary shares in WorkGrowth Technology and in cash and maintenance costs calculated based on the number of users at the rates prescribed in the joint venture agreement. As at the LPD, the development of the WorkGrowth HRMS solution has been completed;
- (vi) a share transfer agreement dated 30 August 2021 entered into between, amongst others, R. Raevendran A/L S. Ramachandran (as the transferor), Agmo Capital (as the transferee), Agmo Studio (as the vendor) and Advisonomics Sdn. Bhd. ("**Advisonomics**"), pursuant to which Agmo Studio shall assign one or more of its personnel from time-to-time at the discretion of Agmo Studio to serve as Advisonomics' technology advisor(s) for 3 consecutive years commencing from 30 August 2021, at a consideration of RM200,000.00, which will be settled via the transfer of 1,089 ordinary

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

shares held by the transferor in Advisonomics to Agmo Capital in 3 equal tranches. As at the LPD, the first tranche of share transfer has been completed.

Furthermore, pursuant to the share transfer agreement, Advisonomics will engage Agmo Studio for the development of Advisonomics' mobile application for a consideration of RM300,000.00 payable to Agmo Studio in cash. As at the LPD, the development of the mobile application has yet to be completed;

- (vii) a letter dated 1 July 2021 issued by Pee See Tat, a shareholder of NextRent Sdn. Bhd. ("**NextRent**") to Agmo, extending an offer to Agmo Group of up to 7.0% shareholdings in NextRent for a consideration of RM1.00, in view that the Group has provided valuable technological insights and expertise to NextProperty Ventures Sdn. Bhd. As at the LPD, Agmo Capital holds 6.4% of shareholdings in NextRent which represents full acceptance of the offer;
- (viii) a shareholders' agreement dated 21 September 2021 entered into between Mydigitalcoin Sdn. Bhd., Bubi Technologies Co. Ltd., Star Jewel Capital Inc. ("**Shareholders of Zetrix**") and Agmo, in respect of Zetrix Sdn. Bhd. (formerly known as MYBB Techchain Sdn. Bhd.), pursuant to which the Shareholders of Zetrix and Agmo who may become a shareholder of Zetrix Sdn. Bhd., agree to regulate their respective rights as shareholders of Zetrix Sdn. Bhd.

Pursuant to the shareholders' agreement and a letter of award dated 21 September 2021 issued by Zetrix Sdn. Bhd. to Agmo, Agmo or any of its wholly-owned subsidiaries agree to procure and obtain on behalf of Zetrix Sdn. Bhd. the relevant technical compliance required by Zetrix Sdn. Bhd. to establish and maintain Zetrix Sdn. Bhd.'s blockchain business development in Malaysia and to provide its expertise to project manage the development and roll out of the products and services of Zetrix Sdn. Bhd., at a retainer fee of RM5,000.00 per month ("**Fees**") commencing from 1 October 2021 for a period of 42 months ("**Contract Period**") which is payable by Mydigitalcoin Sdn. Bhd. at the end of the Contract Period. Subject to mutual agreement, the accumulated Fees of RM210,000.00 representing the total Fees for the Contract Period will be converted to 5.0% of Zetrix Sdn. Bhd.'s fully diluted shareholding at the end of the Contract Period which is payable by Mydigitalcoin Sdn. Bhd. and Agmo agrees to be bound by the terms and conditions of the shareholders' agreement as a shareholder upon Agmo becoming a shareholder of Zetrix Sdn. Bhd. As at the LPD, the said 5.0% shareholdings in Zetrix Sdn. Bhd. has not been transferred to Agmo;

- (ix) a shareholders' agreement dated 15 October 2021 entered into between Agmo, Tang Tung Ai and Fong Huang Yee in respect of Agmo Sierra, pursuant to which the parties agree to regulate their respective rights as shareholders of Agmo Sierra; and
- (x) the Underwriting Agreement.

14.6 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither our Company nor our Subsidiaries are engaged in any governmental, legal, claims or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings, whether as plaintiff or defendant or as a third party which may have or have had, material or significant effects on our financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

14.7 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT

There are no governmental laws, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to our Group.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

14.8 PUBLIC TAKE-OVERS

During the last financial year and the current financial year, there were no:

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by our Group in respect of other companies' securities.

14.9 LETTERS OF CONSENT

The written consents of our Principal Adviser, Sponsor, Underwriter, Placement Agent, Company Secretary, Solicitors, Share Registrar and Issuing House listed in the Corporate Directory of this Prospectus for the inclusion of their names and all references thereto in the form and context in which such names appear in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of our Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statement of Financial Position, and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of our Independent Market Researcher for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

14.10 RESPONSIBILITY STATEMENT

- (i) Our Directors and Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.
- (ii) Kenanga IB as the Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

14.11 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during normal business hours for a period of 6 months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the IMR Report prepared by IMR as included in Section 8 of this Prospectus;
- (iii) the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statement of Financial Position as included in Section 12.1 of this Prospectus;
- (iv) the Accountants' Report as included in Section 13 of this Prospectus;

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

- (v) our material contracts as referred to in Section 14.5 of this Prospectus;
- (vi) the letters of consent as referred to in Section 14.9 of this Prospectus; and
- (vii) the audited financial statements of Agmo and our subsidiaries for the Financial Years Under Review.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT MALAYSIAN ISSUING HOUSE SDN. BHD., FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD : 10.00 A.M., 1 AUGUST 2022

CLOSING OF THE APPLICATION PERIOD : 5.00 P.M., 8 AUGUST 2022

Applications for the IPO Shares will be open and close at the dates stated above.

In the event of any change to the dates stated above, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATION

15.2.1 Application for our IPO Shares by the Malaysian Public and the Eligible Persons

<u>Types of Application and category of investors</u>	<u>Application Method</u>
Applications by the Malaysian Public:	
(a) Individuals	WHITE Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	WHITE Application Form only
Applications by the Eligible Persons	PINK Application Form only

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.2.2 Application by selected investors via private placement

Types of Application	Application Method
Applications by: Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST ONE HUNDRED (100) IPO SHARES OR MULTIPLES OF ONE HUNDRED (100) IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Applications by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must be one of the following:
 - (a) a Malaysian citizen who is at least eighteen (18) years old as at the date of the application for our IPO Shares with a Malaysian address; or
 - (b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of Malaysian Issuing House Sdn. Bhd. or an immediate family member of a director or employee of Malaysian Issuing House Sdn. Bhd.; and

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iii) You must submit Applications by using only 1 of the following methods:
- (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15.3.3 Application by the Eligible Persons

The Eligible Persons will be provided with **PINK** Application Forms and letters from us detailing their respective allocation.

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Malaysian Issuing House Sdn. Bhd., Kenanga IB, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.26 for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NUMBER 617**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one (1) of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn. Bhd.
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (ii) or **DELIVER BY HAND AND DEPOSIT** in the Drop-in Boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later than 5:00 p.m. on 8 August 2022.

We, together with Malaysian Issuing House Sdn. Bhd., will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Forms to Malaysian Issuing House Sdn. Bhd.

15.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS–CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND MALAYSIAN ISSUING HOUSE SDN. BHD.

Malaysian Issuing House Sdn. Bhd. on the authority of our Board reserves the right to:

- (i) reject Applications which:
- (a) do not conform to the instructions of this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of Malaysian Issuing House Sdn. Bhd. at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER / UNDER SUBSCRIPTION

In the event of over-subscription, Malaysian Issuing House Sdn. Bhd. will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of our IPO shares and the balloting results in connection therewith will be furnished by Malaysian Issuing House Sdn. Bhd. to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Malaysian Issuing House Sdn. Bhd.'s website at www.mih.com.my within one business day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.00% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event this requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all the Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and / or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by Malaysian Issuing House Sdn. Bhd. as per items (i) and (ii) above (as the case may be).
- (iv) Malaysian Issuing House Sdn. Bhd. reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Applications and Internet Share Applications

- (i) Malaysian Issuing House Sdn. Bhd. shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from Malaysian Issuing House Sdn. Bhd.
- (ii) You may check your account on the 5th Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by Malaysian Issuing House Sdn. Bhd., by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from Malaysian Issuing House Sdn. Bhd.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) our IPO Shares allotted to you will be credited into your CDS account.
- (ii) a notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iii) in accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our IPO Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

<u>Mode of application</u>	<u>Parties to direct the enquiries</u>
Application Form	Malaysian Issuing House Sdn. Bhd. at telephone no. +603-7890 4700.
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Malaysian Issuing House Sdn. Bhd. website at www.mih.com.my, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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