

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



Crowe Malaysia PLT
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27 September 2023

The Board of Directors
PLYTEC HOLDING BERHAD
No. 19, Jalan Meranti Permai 3
Meranti Permai Industrial Park
Batu 15, Jalan Puchong
47100 Puchong, Selangor

Dear Sirs

**PLYTEC HOLDING BERHAD ("PLYTEC" OR "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 31 MAY 2023 INCLUDED IN A PROSPECTUS**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of PLYTEC and its subsidiaries (collectively known as the "Group") as at 31 May 2023 together with the accompanying notes (as set out in Appendix A for which we have stamped for the purpose of identification) prepared by the Board of Directors of the Company.

The pro forma consolidated statements of financial position has been prepared for inclusion in the Prospectus of PLYTEC in connection with the listing of and quotation for the entire enlarged issued share capital of PLYTEC on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing").

The applicable criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Consolidated Statements of Financial Position are set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position. The Pro Forma Consolidated Statements of Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia ("the Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Consolidated Statements of Financial Position has been compiled by the Board of Directors to illustrate the impact of the events or transactions as set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position as if the events have occurred or the transactions have been undertaken on 31 May 2023. As part of this process, information about the Group's financial position have been extracted by the Board of Directors from the audited financial statements of the Group as at 31 May 2023.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)



THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirement of the Prospectus Guidelines.

REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

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

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines issued by the Securities Commission Malaysia, about whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in the notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement 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 plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Consolidated Statements of 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 Consolidated Statements of Financial Position.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)



REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)

The purpose of the Pro Forma Consolidated Statements of Financial Position included in a Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction 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 event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis set out in notes thereon to the Pro Forma Consolidated Financial Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines, involving performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of 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 Consolidated Statements of 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 Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

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

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

OPINION

In our opinion, the Pro Forma Consolidated Statements of Financial Position of the Group has been compiled, in all material respects, on the basis as described in the notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

13. **REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION** *(cont'd)*



OTHER MATTER

This letter has been prepared solely for the purpose of inclusion in the Prospectus of PLYTEC, in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. 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 letter contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink that reads "Crowe".

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

Kuala Lumpur

A handwritten signature in black ink that reads "Tan Keng Chiew".

Tan Keng Chiew
03709/01/2025 J
Chartered Accountant

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

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201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

APPENDIX A

Registration No. 201801020016 (1282035 - P)

PLYTEC HOLDING BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023

	<u>Audited</u>	<u>Pro Forma I</u>	<u>Pro Forma II</u>	<u>Pro Forma III</u>	
	<u>As at</u>	<u>After</u>	<u>After</u>	<u>After</u>	
	<u>31 May 2023</u>	<u>Pre-IPO</u>	<u>Pre-IPO</u>	<u>Pre-IPO</u>	
	<u>RM</u>	<u>Exercise</u>	<u>Exercise</u>	<u>Exercise</u>	
		<u>RM</u>	<u>RM</u>	<u>RM</u>	
			<u>Public Issue</u>	<u>Public Issue</u>	
			<u>RM</u>	<u>RM</u>	
				<u>Utilisation of</u>	<u>Pro Forma I, II</u>
				<u>Proceeds</u>	<u>and Utilisation</u>
				<u>RM</u>	<u>of Proceeds</u>
					<u>RM</u>
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	90,456,422	-	90,456,422	-	98,985,702
Investment properties	2,203,449	-	2,203,449	-	2,203,449
Right-of-use assets	3,084,380	-	3,084,380	-	3,084,380
Other investments	607,721	-	607,721	-	607,721
Goodwill	1,955,898	-	1,955,898	-	1,955,898
	<u>98,307,870</u>		<u>98,307,870</u>		<u>106,837,150</u>
CURRENT ASSETS					
Inventories	6,121,458	-	6,121,458	-	6,121,458
Trade receivables	63,799,303	-	63,799,303	-	63,799,303
Other receivables, deposits and prepayments	9,284,655	-	9,284,655	(2,078,778)	7,205,877
Current tax assets	964,783	-	964,783	-	964,783
Fixed deposits with licensed banks	20,287,335	-	20,287,335	-	20,287,335
Cash and bank balances	2,255,368	-	2,255,368	(19,450,502)	19,926,076
	<u>102,712,902</u>		<u>102,712,902</u>		<u>118,304,832</u>
TOTAL ASSETS	<u>201,020,772</u>		<u>201,020,772</u>		<u>225,141,982</u>

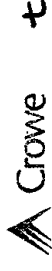
13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

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PLYTEC HOLDING BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)

Initiated For Identification Purposes Only



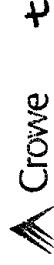
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201906000095 (LLP0018817-LCA) & AF 1018
Chartered Accountants

APPENDIX A

	Note	<u>Audited</u>			<u>Pro Forma I</u>		<u>Pro Forma II</u>		<u>Pro Forma III</u>	
		As at 31 May 2023 RM	Pre-IPO Exercise RM	After Pre-IPO Exercise RM	Public Issue RM	Public Issue and Public Issue RM	Utilisation of Proceeds RM	Pro Forma I, II and Utilisation of Proceeds RM	Pro Forma I, II and Utilisation of Proceeds RM	
EQUITY AND LIABILITIES										
EQUITY										
Share capital	6.4	50,000,000	-	50,000,000	37,121,210	87,121,210	(1,200,000)	85,921,210	85,921,210	
Merger deficit		(38,490,399)	-	(38,490,399)	-	(38,490,399)	-	(38,490,399)	(38,490,399)	
Retained profits	6.5	74,771,294	-	74,771,294	-	74,771,294	(2,800,000)	71,971,294	71,971,294	
Equity attributable to owners of the Company		86,280,895	-	86,280,895	-	123,402,105	-	119,402,105	119,402,105	
Non-controlling interest		421,348	-	421,348	-	421,348	-	421,348	421,348	
TOTAL EQUITY		86,702,243	-	86,702,243	-	123,823,453	-	119,823,453	119,823,453	

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

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Chartered Accountants

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Registration No: 201801020016 (1282035 - P)

PLYTEC HOLDING BERHAD

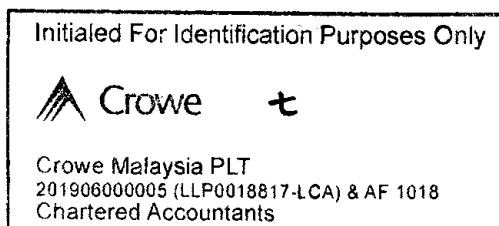
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)

	<u>Audited</u>	<u>Pro Forma I</u>	<u>After</u> <u>Pre-IPO</u>	<u>Public Issue</u>	<u>Pro Forma II</u> <u>After</u> <u>Pro Forma I</u> <u>and</u> <u>Public Issue</u>	<u>Utilisation of</u> <u>Proceeds</u>	<u>Pro Forma III</u> <u>After</u> <u>Pro Forma I, II</u> <u>and Utilisation</u> <u>of Proceeds</u>
	RM	RM	RM	RM	RM	RM	RM
	As at						
	31 May 2023						
Note							
NON-CURRENT LIABILITIES							
Lease liabilities	294,748		294,748	-	294,748	-	294,748
Hire purchase payables	9,618,604		9,618,604	-	9,618,604	(963,468)	8,655,136
Term loans	10,751,722		10,751,722	-	10,751,722	(5,474,150)	5,277,572
Deferred tax liabilities	1,865,209		1,865,209	-	1,865,209	-	1,865,209
	<u>22,530,283</u>		<u>22,530,283</u>		<u>22,530,283</u>		<u>16,092,665</u>
CURRENT LIABILITIES							
Trade payables	14,571,809		14,571,809	-	14,571,809	-	14,571,809
Other payables and accruals	16,881,144		16,881,144	-	16,881,144	-	16,881,144
Lease liabilities	68,750		68,750	-	68,750	-	68,750
Hire purchase payables	7,252,209		7,252,209	-	7,252,209	(457,027)	6,795,182
Short-term borrowings	46,607,391		46,607,391	-	46,607,391	-	46,607,391
Term loans	2,879,353		2,879,353	-	2,879,353	(2,105,355)	773,998
Bank overdrafts	3,013,830		3,013,830	-	3,013,830	-	3,013,830
Current tax liabilities	513,760		513,760	-	513,760	-	513,760
	<u>91,788,246</u>		<u>91,788,246</u>		<u>91,788,246</u>		<u>89,225,864</u>
TOTAL LIABILITIES	<u>114,318,529</u>		<u>114,318,529</u>		<u>114,318,529</u>		<u>105,318,529</u>
TOTAL EQUITY AND LIABILITIES	<u>201,020,772</u>		<u>201,020,772</u>		<u>238,141,982</u>		<u>225,141,982</u>
Number of ordinary shares	100,000,000		500,000,000		606,060,600		606,060,600
Net assets ("NA") (RM)	86,280,895		86,280,895		123,402,105		119,402,105
NA per ordinary share (RM)	0.86		0.17		0.20		0.20

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)

1. ABBREVIATIONS

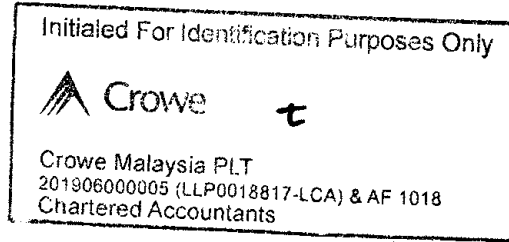
Unless the context otherwise requires, the following abbreviations shall apply throughout this report:

IPO	Initial public offering comprising the Public Issue and the Offer for Sale
IPO Price	The issue/offer price of RM0.35 per IPO Share
IPO Share(s)	Collectively, the Issue Share(s) and the Offer Share(s)
Issue Share(s)	New Share(s) to be issued by the Company under the Public Issue
Listing	Admission to the Official List, and the listing of and quotation for the entire enlarged issued share capital of PLYTEC of 606,060,600 Shares on the ACE Market of Bursa Malaysia Securities Berhad
Malaysian Public	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Offer for Sale	Offer for sale of 51,515,100 Offer Shares at the IPO Price comprising: <ul style="list-style-type: none"> (a) 21,212,100 Offer Shares, representing approximately 3.50% of the enlarged issued share capital, are reserved for the eligible directors of the Company, employees of the Group and persons who have contributed to the success of the Group; and (b) 30,303,000 Offer Shares, representing approximately 5.00% of the enlarged issued share capital, are reserved for private placement to selected investors
Offer Share(s)	Existing Share(s) to be offered by the Selling Shareholders pursuant to the Offer for Sale
Olak Lempit Land	A parcel of industrial land owned by PLYTEC Formwork System Industries Sdn. Bhd. (a wholly-owned subsidiary of the Company) held under GRN 232387, Lot 19 Seksyen 2, Pekan Bukit Changgang, District of Kuala Langat, State of Selangor and bearing the postal address No. 1, Jalan 13, Kawasan Perindustrian Olak Lempit, 42700 Banting, Selangor Darul Ehsan
Public Issue	Public issue of 106,060,600 Issue Shares at the IPO Price comprising: <ul style="list-style-type: none"> (a) 30,303,100 Issue Shares, representing approximately 5.00% of the enlarged issued share capital, are reserved for application by the Malaysian Public; and (b) 75,757,500 Issue Shares, representing approximately 12.50% of the enlarged issued share capital, are reserved for private placement to Bumiputera investors approved by Ministry of Investment, Trade and Industry of Malaysia

13. REPORTING ACCOUNTANTS REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)

1. ABBREVIATIONS (CONT'D)

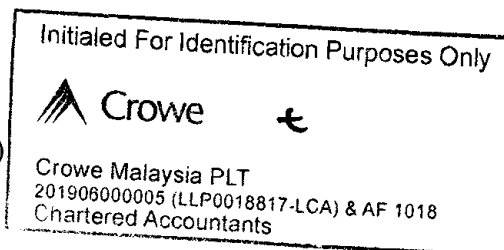
Unless the context otherwise requires, the following abbreviations shall apply throughout this report (Cont'd):

PLYTEC or the Company	PLYTEC Holding Berhad (Registration No: 201801020016 (1282035 - P))
RM and sen	Ringgit Malaysia and sen, the lawful currency of Malaysia
Share(s)	Ordinary share(s) in the Company
Selling Shareholders	Collectively, Yang Kian Lock, Low Teck Heng and Louis Tay Chee Siong
The Group	PLYTEC and its subsidiaries

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

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PLYTEC HOLDING BERHAD



APPENDIX A

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)

2. INTRODUCTION

The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 May 2023 ("the Pro Forma Consolidated Statements of Financial Position") together with the notes thereon, for which the Board of Directors of the Company ("the Directors") are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus of the Company to be issued in connection with the initial public offering of 106,060,600 Issue Shares 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 and should not be relied upon for any other purposes.

3. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position have been prepared based on the audited consolidated financial statements of financial position of the Group as at 31 May 2023, which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of the financial statements and the accounting policies of the Group.

The Pro Forma Consolidated Statements of Financial Position together with the related notes thereon, have been prepared solely to illustrate the impact of the events and transactions set out in Notes 4, 5, and 6 to the Pro Forma Consolidated Statements of Financial Position on the audited financial statements of the Group as at 31 May 2023 had the events occurred or transactions been undertaken on 31 May 2023. As part of this process, information about the Group's financial position have been extracted by the Directors from the audited consolidated financial statements of the Group for the financial period ended 31 May 2023, on which an audit report has been issued.

The financial statements used in the preparation of this Consolidated Statements of Financial Position for the period ended 31 May 2023 were not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Consolidated Statements of Financial Position are not necessary indicative of the financial position that would have been attained had the Pre-IPO Exercise and the IPO actually occurred at the respective dates. The Pro Forma Consolidated Statements of Financial Position have been prepared for illustrative purpose only, and because of this nature, may not give a true picture of the actual financial position of the Group.

4. LISTING SCHEME

The following proposals were undertaken in conjunction with, and as an integral part of the Listing:

4.1 Pre-IPO Exercise

Share Split

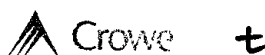
Prior to the IPO, the Company will undertake a share split of one (1) existing Share into five (5) Shares to enhance the liquidity of the Shares at the Listing. Following the completion of the Share Split, the total issued share capital will be 500,000,000 Shares.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

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Chartered Accountants

APPENDIX A**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)****4. LISTING SCHEME (CONT'D)**

4.2 Public Issue

The Public Issue involves an issuance of 106,060,600 Issue Shares, representing approximately 17.50% of the Company's enlarged issued share capital upon Listing at IPO Price.

4.3 Offer for Sale

The Selling Shareholders will undertake an offer for sale of 51,515,100 Offer Shares, representing approximately 8.50% of the Company's enlarged issued share capital upon Listing at IPO Price.

4.4 Listing

Upon completion of the IPO, the Company's entire enlarged issued share capital of approximately RM87,121,210 comprising 606,060,600 Shares shall be listed on the ACE Market of Bursa Malaysia Securities Berhad.

4.5 Proposed Utilisation of Proceeds

The estimated gross proceeds from the Public Issue of RM37,121,210 will accrue entirely to the Group and are planned to be utilised in the following manner:

Utilisation of proceeds	RM	%	Estimated timeframe for utilisation from the date of Listing
Capital expenditure ⁽¹⁾	8,000,000	21.55	Within 24 months
Repayment of borrowings ⁽²⁾	9,000,000	24.24	Within 12 months
Construction of factories and centralised labour quarters on the Olak Lempit Land ⁽³⁾	7,800,000	21.01	Within 24 months
Purchase of software systems and hardware ⁽⁴⁾	2,000,000	5.39	Within 24 months
Working capital ⁽⁵⁾	6,321,210	17.03	Within 12 months
Estimated listing expenses ⁽⁶⁾	4,000,000	10.78	Immediate
Total	37,121,210	100.00	

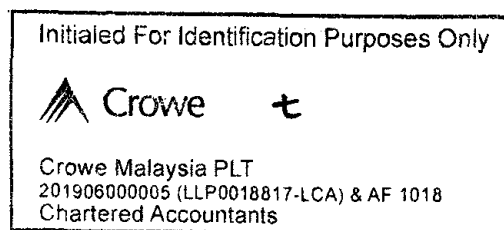
Notes:

(1) The Group intends to utilise RM8,000,000 of its IPO proceeds to acquire the temporary works equipment, namely self-climbing platforms as well as falsework and formwork equipment. As at latest practicable date of the prospectus, the Group has yet to enter into any contractual binding arrangements or issued any purchase orders in relation to the above capital expenditure. Accordingly, the utilisation is not reflected in the Pro Forma Consolidated Statements of Financial Position.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

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PLYTEC HOLDING BERHAD



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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)

4. LISTING SCHEME (CONT'D)

4.5 Proposed Utilisation of Proceeds (Cont'd)

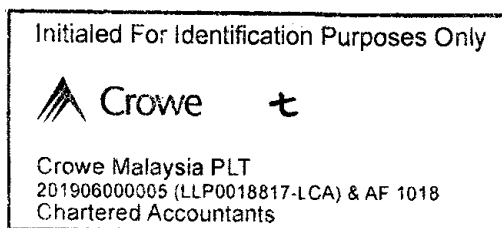
Notes (Cont'd):

- (2) *The Group intends to utilise RM9,000,000 of its IPO proceeds to partially repay the borrowings. The utilisation is reflected in the Pro Forma Consolidated Statements of Financial Position.*
- (3) *The Group intends to utilise RM7,800,000 of its IPO proceeds to part finance the construction cost of new factories and centralised labour quarters on the Olak Lempit Land with a total land area of 578,346 square feet. The utilisation is reflected in the Pro Forma Consolidated Statements of Financial Position.*
- (4) *The Group intends to utilise RM2,000,000 of its IPO proceeds for implementation of enterprise resource planning software system and purchase of building information modelling software and equipment. As of 31 May 2023, the Group accepted a quotation of purchase of enterprise resource planning software systems and the utilisation of RM729,280 is reflected in the Pro Forma Consolidated Statements of Financial Position. As at latest practicable date of the prospectus, the remaining proceeds of the Group has yet to enter into any contractual binding arrangements or issued any purchase orders in relation to the above purchase of software systems and hardware. Accordingly, the remaining utilisation is not reflected in the Pro Forma Consolidated Statements of Financial Position.*
- (5) *The Group intends to utilise RM6,321,210 of its IPO proceeds to fund the working capital of the Group's daily operation. As at latest practicable date of the prospectus, the Group has yet to enter into any contractual binding arrangements or issued any purchase orders for the working capital. Accordingly, the utilisation is not reflected in the Pro Forma Consolidated Statements of Financial Position.*
- (6) *The estimated listing expenses of RM1,200,000 directly attributable to the Public Issue will be set off against share capital and the remaining estimated listing expenses of RM2,800,000 that is attributable to the Listing will be charged to the Statements of Profit or Loss and Other Comprehensive Income. As of 31 May 2023, RM2,078,778 has been paid and debited into other receivables, deposits and prepayments.*

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

Registration No: 201801020016 (1282035 - P)

PLYTEC HOLDING BERHAD



APPENDIX A

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

5.1 Pro Forma I

Pro Forma I incorporates the effects of Pre-IPO exercise as set out in Note 4.1 to the Pro Forma Consolidated Statements of Financial Position.

5.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and Public Issue, Offer for Sale and Listing as set out in Notes 4.2, 4.3 and 4.4 to the Pro Forma Consolidated Statements of Financial Position.

5.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma I, II and Utilisation of Proceeds as set out in Note 4.5 to the Pro Forma Consolidated Statements of Financial Position.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

Registration No: 201801020016 (1282035 - P)

PLYTEC HOLDING BERHAD

Initialed For Identification Purposes Only


 Crowe Malaysia PLT
 201906000005 (LLP0018817-LCA) & AF 1018
 Chartered Accountants
APPENDIX A
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)
6. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
6.1 Movement in property, plant and equipment

	RM
As at 31 May 2023/As per Pro Forma I and II	90,456,422
Pursuant to Adjustment for Pro Forma III:	
Construction of factories and centralised labour quarters on the Olak Lempit	
Land	7,800,000
Enterprise resource planning software system	729,280
As per Pro Forma III	<u>98,985,702</u>

6.2 Movement in other receivables, deposits and prepayments

	RM
As at 31 May 2023/As per Pro Forma I and II	9,284,655
Pursuant to Adjustment for Pro Forma III:	
Prepaid listing expenses	<u>(2,078,778)</u>
As per Pro Forma III	<u>7,205,877</u>

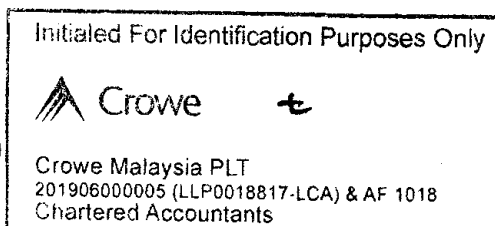
6.3 Movement in cash and bank balances

	RM
As at 31 May 2023/As per Pro Forma I	2,255,368
Pursuant to Adjustment for Pro Forma II:	
Proceeds from Public Issue	37,121,210
As per Pro Forma II	<u>39,376,578</u>
Pursuant to Adjustments for Pro Forma III:	
Construction of factories and centralised labour quarters on the Olak Lempit	
Land	(7,800,000)
Enterprise resource planning software system	(729,280)
Repayment of borrowings	(9,000,000)
Estimated listing expenses	(1,921,222)
Total Adjustments for Pro Forma III	<u>(19,450,502)</u>
As per Pro Forma III	<u>19,926,076</u>

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

Registration No: 201801020016 (1282035 - P)

PLYTEC HOLDING BERHAD



APPENDIX A

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)

6. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

6.4 Movement in share capital

	RM
As at 31 May 2023/As per Pro Forma I	50,000,000
Pursuant to Adjustment for Pro Forma II: Proceeds from Public Issue	37,121,210
As per Pro Forma II	<u>87,121,210</u>
Pursuant to Adjustment for Pro Forma III: Estimated listing expenses	(1,200,000)
As per Pro Forma III	<u>85,921,210</u>

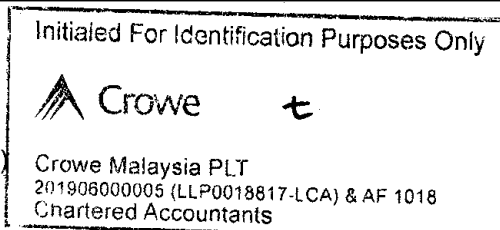
6.5 Movement in retained profits

	RM
As at 31 May 2023/As per Pro Forma I and II:	74,771,294
Pursuant to Adjustment for Pro Forma III: Estimated listing expenses	(2,800,000)
As per Pro Forma III	<u>71,971,294</u>

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

Registration No: 201801020016 (1282035 - P)

PLYTEC HOLDING BERHAD



APPENDIX A

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)

6. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

6.6 Movement in hire purchase payables

	RM
As at 31 May 2023/As per Pro Forma I and II:	
Current liabilities	7,252,209
Non-current liabilities	9,618,604
	16,870,813
Pursuant to Adjustments for Pro Forma III:	
Repayment of borrowings:	
Current liabilities	(457,027)
Non-current liabilities	(963,468)
Total Adjustments for Pro Forma III	(1,420,495)
As per Pro Forma III:	
Current liabilities	6,795,182
Non-current liabilities	8,655,136
	15,450,318

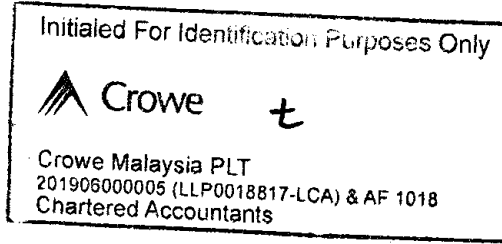
6.7 Movement in term loans

	RM
As at 31 May 2023/As per Pro Forma I and II:	
Current liabilities	2,879,353
Non-current liabilities	10,751,722
	13,631,075
Pursuant to Adjustments for Pro Forma III:	
Repayment of borrowings:	
Current liabilities	(2,105,355)
Non-current liabilities	(5,474,150)
Total Adjustments for Pro Forma III	(7,579,505)
As per Pro Forma III:	
Current liabilities	773,998
Non-current liabilities	5,277,572
	6,051,570

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

Registration No: 201801020016 (1282035 - P)

PLYTEC HOLDING BERHAD



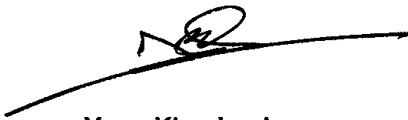
APPENDIX A

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of PLYTEC Holding Berhad in accordance with a resolution dated

27 SEP 2023

On behalf of the Board of Directors,



Yang Kian Lock



Louis Tay Chee Siong

14. ACCOUNTANTS' REPORT

PLYTEC HOLDING BERHAD

(Incorporated in Malaysia)

Registration No: 201801020016 (1282035 - P)

**Accountants' Report on the
Consolidated Financial Statements**

14. ACCOUNTANTS REPORT (cont'd)



The Board of Directors
PLYTEC HOLDING BERHAD
No. 19, Jalan Meranti Permai 3
Meranti Permai Industrial Park
Batu 15, Jalan Puchong
47100 Puchong, Selangor

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 16, Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
Main +6 03 2788 9999
Fax +6 03 2788 9998
www.crowe.my

Dear Sirs/Madam,

**REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED
IN THE ACCOUNTANTS' REPORT OF PLYTEC HOLDING BERHAD ("PLYTEC" OR "THE
COMPANY")**

OPINION

We have audited the financial information of the Company and its subsidiaries (collectively known as "the Group") which comprise the consolidated statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 May 2023 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 each of the financial years/period ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 May 2023, and notes to the financial information, including a summary of significant accounting policies and other explanatory information as set out on pages 4 to 122.

This historical financial information has been prepared for inclusion in the prospectus of PLYTEC in connection with the listing of and quotation for the entire enlarged issued share capital of PLYTEC on the ACE Market of Bursa Malaysia Securities Berhad ("the Prospectus"). This report is given to comply with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and Prospectus Guidelines of Securities Commission Malaysia and for no other purpose.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 May 2023 and of their financial performance and their cash flows for each of the financial years/period ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 May 2023 in accordance with the Malaysian Financial Reporting Standards and the 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 *Reporting Accountants' Responsibilities for the Audit of the Financial Information* 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.

14. ACCOUNTANTS REPORT (cont'd)**RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL INFORMATION**

The Directors of the Company are responsible for the preparation of the financial information of the Group that gives 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 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 to 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 information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group, 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 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.
- 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 represents the underlying transactions and events in a manner that achieves fair presentation.

14. ACCOUNTANTS REPORT (cont'd)



REPORTING ACCOUNTANTS' RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial 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 MATTERS

The comparative information in respect of the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows and notes to the financial statements of the Group for the 5-months financial period ended 31 May 2022 has not been audited.

RESTRICTION ON DISTRIBUTION AND USE

This report is made solely to the Company for inclusion in 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 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A stylized signature of the firm name "Crowe" in a cursive script.

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

Kuala Lumpur

27 SEP 2023

A handwritten signature in black ink, appearing to read "Tan Keng Chiew".

Tan Keng Chiew
03709/01/2025 J
Chartered Accountant

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		< ----- As at 31 December ----- >			
		2020	2021	2022	31.5.2023
		Audited	Audited	Audited	Audited
Note		RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	70,733,080	69,695,212	72,535,075	90,456,422
Investment properties	5	281,800	1,336,315	1,842,162	2,203,449
Right-of-use assets	6	2,577,446	2,561,185	3,130,286	3,084,380
Other investments	7	955,175	789,192	607,721	607,721
Goodwill	8	1,955,898	1,955,898	1,955,898	1,955,898
		<u>76,503,399</u>	<u>76,337,802</u>	<u>80,071,142</u>	<u>98,307,870</u>
CURRENT ASSETS					
Inventories	9	7,331,540	9,102,659	5,856,507	6,121,458
Trade receivables	10	49,287,864	51,581,929	58,930,862	63,799,303
Other receivables, deposits and prepayments	11	7,097,098	3,622,915	9,988,159	9,284,655
Contract assets	12	-	-	-	-
Current tax assets		498,787	9,190	40,000	964,783
Fixed deposits with licensed banks	13	17,868,950	18,820,060	19,839,913	20,287,335
Cash and bank balances		1,241,693	1,782,730	3,482,723	2,255,368
		<u>83,325,932</u>	<u>84,919,483</u>	<u>98,138,164</u>	<u>102,712,902</u>
TOTAL ASSETS		<u>159,829,331</u>	<u>161,257,285</u>	<u>178,209,306</u>	<u>201,020,772</u>

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

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14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

		< ----- As at 31 December ----- >			
	Note	2020 Audited RM	2021 Audited RM	2022 Audited RM	31.5.2023 Audited RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	50,000,000	50,000,000	50,000,000	50,000,000
Merger deficit	15	(38,490,399)	(38,490,399)	(38,490,399)	(38,490,399)
Retained profits		50,025,219	60,793,025	71,981,341	74,771,294
Equity attributable to owners of the Company		61,534,820	72,302,626	83,490,942	86,280,895
Non-controlling interest		-	72,789	369,481	421,348
TOTAL EQUITY		61,534,820	72,375,415	83,860,423	86,702,243
NON-CURRENT LIABILITIES					
Lease liabilities	16	-	-	323,777	294,748
Hire purchase payables	17	2,400,844	4,435,655	4,090,615	9,618,604
Term loans	18	16,147,051	14,388,120	11,783,533	10,751,722
Deferred tax liabilities	19	337,788	1,008,288	1,865,209	1,865,209
		18,885,683	19,832,063	18,063,134	22,530,283
CURRENT LIABILITIES					
Trade payables	20	11,604,184	8,330,706	15,874,324	14,571,809
Other payables and accruals	21	15,659,467	11,943,950	13,161,211	16,881,144
Amount owing to a director	22	3,000	3,000	-	-
Lease liabilities	16	-	-	67,450	68,750
Hire purchase payables	17	6,096,040	5,726,681	5,550,207	7,252,209
Short-term borrowings	23	38,406,107	37,817,592	34,893,858	46,607,391
Term loans	18	2,673,400	2,863,949	2,875,404	2,879,353
Bank overdrafts	24	4,824,519	1,890,669	3,108,535	3,013,830
Current tax liabilities		142,111	473,260	754,760	513,760
		79,408,828	69,049,807	76,285,749	91,788,246
TOTAL LIABILITIES		98,294,511	88,881,870	94,348,883	114,318,529
TOTAL EQUITY AND LIABILITIES		159,829,331	161,257,285	178,209,306	201,020,772

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

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14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	< --- Financial Year Ended 31 December --- >			1.1.2022	1.1.2023
		2020 Audited RM	2021 Audited RM	2022 Audited RM	to 31.5.2022 Unaudited RM	to 31.5.2023 Audited RM
REVENUE	25	113,791,810	112,712,022	158,090,724	53,890,783	62,580,567
COST OF SALES		(86,338,790)	(79,908,030)	(115,796,869)	(39,555,926)	(48,339,945)
GROSS PROFIT		27,453,020	32,803,992	42,293,855	14,334,857	14,240,622
OTHER INCOME		2,505,536	1,046,660	1,567,055	516,090	507,600
		29,958,556	33,850,652	43,860,910	14,850,947	14,748,222
SELLING AND DISTRIBUTION EXPENSES		(1,229,573)	(764,215)	(1,433,540)	(524,661)	(518,230)
ADMINISTRATIVE EXPENSES		(12,348,109)	(12,103,626)	(18,074,279)	(6,823,930)	(8,266,681)
OTHER EXPENSES		(2,156,276)	(2,085,076)	(1,997,776)	(636,364)	(840,343)
FINANCE COSTS		(3,603,579)	(3,023,389)	(3,200,548)	(1,424,725)	(1,706,931)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	26	(357,240)	(1,037,849)	(407,605)	-	-
PROFIT BEFORE TAXATION	27	10,263,779	14,836,497	18,747,162	5,441,267	3,416,037
INCOME TAX EXPENSE	28	(3,089,544)	(3,998,402)	(5,009,654)	(1,252,000)	(574,217)
PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		7,174,235	10,838,095	13,737,508	4,189,267	2,841,820

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

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14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	< --- Financial Year Ended 31 December --- >			1.1.2022	1.1.2023
	2020	2021	2022	to	to
	Audited	Audited	Audited	31.5.2022	31.5.2023
Note	RM	RM	RM	Unaudited	Audited
				RM	RM
PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company	7,174,235	10,813,946	13,688,316	4,174,127	2,789,953
Non-controlling interest	-	24,149	49,192	15,140	51,867
	<u>7,174,235</u>	<u>10,838,095</u>	<u>13,737,508</u>	<u>4,189,267</u>	<u>2,841,820</u>
EARNINGS PER SHARE (SEN)					
- Basic	29 7.17	10.81	13.69	4.17	2.79
- Diluted	29 7.17	10.81	13.69	4.17	2.79

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Share Capital RM	Non- Distributable Merger Deficit RM	Distributable Retained Profits RM	Attributable to the Owners of the Company RM	Non- controlling Interest RM	Total Equity RM
<u>Audited</u>							
Balance at 1.1.2020		50,000,000	(38,490,399)	42,850,984	54,360,585	-	54,360,585
Profit after taxation/Total comprehensive income for the financial year		-	-	7,174,235	7,174,235	-	7,174,235
Balance at 31.12.2020/1.1.2021		50,000,000	(38,490,399)	50,025,219	61,534,820	-	61,534,820
Profit after taxation/Total comprehensive income for the financial year		-	-	10,813,946	10,813,946	24,149	10,838,095
Changes in a subsidiary's ownership interests that do not result in a loss of control		-	-	(46,140)	(46,140)	48,640	2,500
Balance at 31.12.2021/1.1.2022		50,000,000	(38,490,399)	60,793,025	72,302,626	72,789	72,375,415
Profit after taxation/Total comprehensive income for the financial year		-	-	13,688,316	13,688,316	49,192	13,737,508
Distribution to owners of the Company: - Dividends	31	-	-	(2,500,000)	(2,500,000)	-	(2,500,000)
Issuance of shares to non-controlling interest by a subsidiary		-	-	-	-	247,500	247,500
Balance at 31.12.2022/1.1.2023		50,000,000	(38,490,399)	71,981,341	83,490,942	369,481	83,860,423

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

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

<u>Audited</u>	Share Capital RM	Non- Distributable Merger Deficit RM	Distributable Retained Profits RM	Attributable to the Owners of the Company RM	Non- controlling Interest RM	Total Equity RM
Balance at 31.12.2022/1.1.2023	50,000,000	(38,490,399)	71,981,341	83,490,942	369,481	83,860,423
Profit after taxation/Total comprehensive income for the financial period	-	-	2,789,953	2,789,953	51,867	2,841,820
Balance at 31.5.2023	50,000,000	(38,490,399)	74,771,294	86,280,895	421,348	86,702,243

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

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Note	Share Capital RM	Distributable Merger Deficit RM	Distributable Retained Profits RM	Attributable to the Owners of the Company RM	Non- controlling Interest RM	Total Equity RM
<u>Unaudited</u>							
Balance at 1.1.2022		50,000,000	(38,490,399)	60,793,025	72,302,626	72,789	72,375,415
Profit after taxation/Total comprehensive income for the financial period		-	-	4,174,127	4,174,127	15,140	4,189,267
Distribution to owners of the Company: - Dividends	31	-	-	(1,500,000)	(1,500,000)	-	(1,500,000)
Issuance of shares to non-controlling interest by a subsidiary		-	-	-	-	247,500	247,500
Balance at 31.5.2022/1.6.2022		50,000,000	(38,490,399)	63,467,152	74,976,753	335,429	75,312,182
Profit after taxation/Total comprehensive income for the financial period		-	-	9,514,189	9,514,189	34,052	9,548,241
Distribution to owners of the Company: - Dividends	31	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
Balance at 31.12.2022		50,000,000	(38,490,399)	71,981,341	83,490,942	369,481	83,860,423

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

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	< - Financial Year Ended 31 December - >			1.1.2022 to 31.5.2022	1.1.2023 to 31.5.2023
	2020 Audited RM	2021 Audited RM	2022 Audited RM	Unaudited RM	Audited RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation	10,263,779	14,836,497	18,747,162	5,441,267	3,416,037
Adjustments for:-					
Bad debts written off	-	69,217	-	-	1,438
Depreciation of property, plant and equipment	8,152,657	7,987,162	7,569,694	2,949,524	3,873,393
Depreciation of right-of-use assets	39,914	16,261	91,597	27,329	45,906
Depreciation of investment properties	-	-	13,141	5,344	7,229
Fair value (gain)/loss on other investments	(256,930)	189,440	323,471	-	-
Impairment losses on trade receivables	357,240	1,037,849	407,605	-	-
Impairment losses on other investments	12,500	5,000	8,000	-	-
Interest expense on lease liabilities	-	-	14,403	3,344	7,271
(Gain)/Loss on disposal of property, plant and equipment	(216,453)	71,267	(395)	(395)	(73,833)
Other interest expense	3,585,275	3,023,389	3,147,843	1,405,533	1,687,497
Property, plant and equipment written off	413,719	81,981	28,398	-	55,577
Unrealised (gain)/loss on foreign exchange	(33,869)	33,869	-	-	-
Dividend income	(15,056)	(16,467)	(9,467)	(8,125)	-
Gain on disposal of other investments	-	(1,557)	-	-	-
Interest income	(437,694)	(287,885)	(311,044)	(147,460)	(157,422)
Operating profit before working capital changes, carried forward	21,865,082	27,046,023	30,030,408	9,676,361	8,863,093

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

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14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

	< - Financial Year Ended 31 December - >			1.1.2022	1.1.2023
	2020	2021	2022	to	to
	Audited	Audited	Audited	31.5.2022	31.5.2023
	RM	RM	RM	Unaudited	Audited
				RM	RM
Operating profit before working capital changes, brought forward	21,865,082	27,046,023	30,030,408	9,676,361	8,863,093
Decrease/(Increase) in inventories	5,541,325	3,224,667	8,384,278	114,366	(122,182)
Decrease in contract assets	1,739,207	-	-	-	-
Decrease/(Increase) in trade and other receivables	19,044,736	(872,924)	(14,121,782)	4,772,686	(4,166,375)
Decrease in amount owing by related parties	24,282	-	-	-	-
(Decrease)/Increase in trade and other payables	(16,254,320)	(7,022,864)	8,760,879	904,533	2,417,418
(Decrease)/Increase in amount owing to a director	(191,826)	-	(3,000)	3,000	-
Decrease in amount owing to related parties	(307,363)	-	-	-	-
CASH FROM OPERATIONS	31,461,123	22,374,902	33,050,783	15,470,946	6,991,954
Interest paid	(188,066)	(322,744)	(260,775)	(82,219)	(131,348)
Income tax paid	(2,867,885)	(3,354,921)	(3,911,233)	(1,710,000)	(1,740,000)
Income tax refunded	-	850,265	9,190	-	-
NET CASH FROM OPERATING ACTIVITIES	28,405,172	19,547,502	28,887,965	13,678,727	5,120,606

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

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14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

	Note	< - Financial Year Ended 31 December - >			1.1.2022	1.1.2023
		2020	2021	2022	to	to
		Audited	Audited	Audited	31.5.2022	31.5.2023
		RM	RM	RM	Unaudited	Audited
					RM	RM
CASH FLOWS FOR INVESTING ACTIVITIES						
Acquisition of subsidiary	30	(220,956)	-	-	-	-
Addition to right-of-use assets	32(a)	-	-	(220,874)	(220,874)	-
Dividend received		15,056	16,467	9,467	8,125	-
Increase in pledged fixed deposits with licensed banks		(463,974)	(663,225)	(708,809)	(300,000)	(290,000)
Proceeds from disposal of other investments		-	8,100	-	-	-
Proceeds from disposal of property, plant and equipment		305,001	763,300	12,000	12,000	95,500
Proceeds from issuance of shares to non-controlling interest		-	-	247,500	247,500	-
Purchase of investment properties	32(a)	(190,620)	(1,054,515)	(518,988)	(396,454)	(368,516)
Purchase of other investments		-	(35,000)	(150,000)	(150,000)	-
Purchase of property, plant and equipment	32(a)	(8,504,408)	(6,072,379)	(9,719,605)	(3,833,282)	(12,030,139)
NET CASH FOR INVESTING ACTIVITIES		<u>(9,059,901)</u>	<u>(7,037,252)</u>	<u>(11,049,309)</u>	<u>(4,632,985)</u>	<u>(12,593,155)</u>

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

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14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

	Note	< - Financial Year Ended 31 December - >			1.1.2022	1.1.2023
		2020	2021	2022	to	to
		Audited	Audited	Audited	31.5.2022	31.5.2023
		RM	RM	RM	Unaudited	Audited
					RM	RM
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES						
Drawdown of bankers' acceptances	32(b)	80,413,401	59,094,762	81,534,000	33,278,000	49,805,432
Drawdown of hire purchase	32(b)	1,266,798	3,183,920	-	-	370,454
Drawdown of revolving credits	32(b)	12,844,795	20,581,266	26,503,419	10,330,665	17,704,724
Drawdown of term loans	32(b)	1,000,000	1,800,000	164,215	164,215	164,215
Dividend paid	31	-	-	(2,500,000)	(1,500,000)	-
Interest paid	32(b)	(3,397,209)	(2,700,645)	(2,901,471)	(1,326,658)	(1,563,420)
Repayment of bankers' acceptances	32(b)	(86,748,807)	(59,913,762)	(86,094,000)	(39,628,000)	(41,414,075)
Repayment of hire purchase	32(b)	(8,172,045)	(8,307,717)	(6,389,595)	(2,814,894)	(3,125,077)
Repayment of lease liabilities	32(b)	-	-	(48,597)	(10,656)	(27,729)
Repayment of revolving credits	32(b)	(15,496,159)	(20,350,781)	(24,867,153)	(8,624,634)	(14,382,548)
Repayment of term loans	32(b)	(1,066,829)	(2,422,406)	(2,757,347)	(1,073,596)	(1,192,077)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(19,356,055)	(9,035,363)	(17,356,529)	(11,205,558)	6,339,899

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

	Note	< - Financial Year Ended 31 December - >			1.1.2022	1.1.2023
		2020	2021	2022	to	to
		Audited	Audited	Audited	31.5.2022	31.5.2023
		RM	RM	RM	Unaudited	Audited
					RM	RM
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(10,784)	3,474,887	482,127	(2,159,816)	(1,132,650)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		<u>(3,572,042)</u>	<u>(3,582,826)</u>	<u>(107,939)</u>	<u>(107,939)</u>	<u>374,188</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	32(d)	<u>(3,582,826)</u>	<u>(107,939)</u>	<u>374,188</u>	<u>(2,267,755)</u>	<u>(758,462)</u>

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company incorporated in Malaysia under the Companies Act 2016 on 1 June 2018 as a private limited company under the name of Sudut Swasta Holding Sdn. Bhd.. On 4 July 2019, the Company changed its name from Sudut Swasta Holding Sdn. Bhd. to PLYTEC Holding Sdn. Bhd.. On 8 September 2022, the Company was converted from a private limited liability company to a public limited liability company by shares and assumed its present name, PLYTEC Holding Berhad.

The registered office and principal place of business are as follows:-

Registered office	:	Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur
Principal place of business	:	No. 19, Jalan Meranti Permai 3 Meranti Permai Industrial Park Batu 15, Jalan Puchong 47100 Puchong Selangor

The Company is principally engaged in the business of investment holding. The principal activities and details of the subsidiaries are set out as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent < As at 31 December >				Principal Activities
		2020 Audited %	2021 Audited %	2022 Audited %	31.5.2023 Audited %	
<i>Subsidiaries of the Company</i>						
PLYTEC Formwork System Industries Sdn. Bhd. ("PFWSI")	Malaysia	100	100	100	100	Trading in and rental of temporary formworks equipment and safety protection equipment and related transportation services. Involved also in provision of engineering services.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1. GENERAL INFORMATION (CONT'D)**

The Company is principally engaged in the business of investment holding. The principal activities and details of the subsidiaries are set out as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent				Principal Activities
		< As at 31 December >				
		2020 Audited %	2021 Audited %	2022 Audited %	31.5.2023 Audited %	
<i>Subsidiaries of the Company</i>						
Sudut Swasta Sdn. Bhd. ("SS")	Malaysia	100	100	100	100	Trading and distribution of building material and related transportation services.
BIM Engineering Solution & Technology Sdn. Bhd. ("BEST")	Malaysia	-	100	100	100	Provision of Building Information Modelling (BIM) and engineering services.
PC Forging Malaysia Sdn. Bhd. ("PCFM")	Malaysia	100	75	75	75	Trading of prefabricated structural components, lifting and connection accessories and provision of engineering services.
PLYTEC IBS System MFG Sdn. Bhd. ("PISM")	Malaysia	-	100	100	100	Manufacture, design and assemble of Industrialised Building System products and provision of warehouse management services.
Sudut Swasta Property Sdn. Bhd. ("SSP")	Malaysia	100	100	100	100	Investment holding and property investment.
PLYTEC Fencing System Industries Sdn. Bhd. ("PFCSI")	Malaysia	100	100	100	100	Trading in fencing system. PFCSI has ceased all business operations in January 2019 and remain dormant.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1. GENERAL INFORMATION (CONT'D)**

The Company is principally engaged in the business of investment holding. The principal activities and details of the subsidiaries are set out as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent				Principal Activities
		< As at 31 December >				
		2020 Audited %	2021 Audited %	2022 Audited %	31.5.2023 Audited %	
<i>Subsidiaries of PFWSI</i>						
BIM Engineering Solution & Technology Sdn. Bhd. ("BEST")	Malaysia	100	-	-	-	Provision of Building Information Modelling (BIM) and engineering services.
PLYTEC IBS System MFG Sdn. Bhd. ("PISM")	Malaysia	100	-	-	-	Manufacture, design and assemble of Industrialised Building System products and provision of warehouse management services.
<i>Subsidiary of BEST</i>						
Integrated BIM Academy (M) Sdn. Bhd. ("IBA")	Malaysia	100	100	100	100	Providing architectural and engineering activities and related technical consultancy and education.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION**

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

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024

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

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS***Key Sources of Estimation Uncertainty*

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

(a) Depreciation of Property, Plant and Equipment, Investment Properties and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment, investment properties and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment, investment properties and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment, investment properties and right-of-use assets as at the reporting date are disclosed in Notes 4, 5 and 6 to the consolidated financial statements respectively.

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of goodwill as at the reporting date is disclosed in Note 8 to the consolidated financial statements.

(c) Impairment of Property, Plant and Equipment, Investment Properties and Right-of-use Assets

The Group determines whether an item of its property, plant and equipment, investment properties and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. The carrying amounts of property, plant and equipment, investment properties and right-of-use assets as at the reporting date are disclosed in Notes 4, 5 and 6 to the consolidated financial statements respectively.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Key Sources of Estimation Uncertainty (Cont'd)***(d) Write down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 9 to the consolidated financial statements.

(e) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the COVID-19 pandemic) and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 10 to the consolidated financial statements.

(f) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amount of other receivables as at the reporting date is disclosed in Note 11 to the consolidated financial statements.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Key Sources of Estimation Uncertainty (Cont'd)***(g) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax assets/(liabilities) of the Group as at the reporting date are as follows:-

	31.12.2020	31.12.2021	31.12.2022	31.5.2023
	Audited	Audited	Audited	Audited
	RM	RM	RM	RM
Current tax assets	498,787	9,190	40,000	964,783
Current tax liabilities	<u>(142,111)</u>	<u>(473,260)</u>	<u>(754,760)</u>	<u>(513,760)</u>

(h) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amount of contract assets as at the reporting date is disclosed in Note 12 to the consolidated financial statements.

(i) Discount Rates used in Leases

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

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3.2 BASIS OF CONSOLIDATION

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

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

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

The acquisition of PFWSI and its subsidiary, SS and PFCSI by the Company has been accounted for as a business combination amongst entities under common control. Accordingly, the financial statements of the Group have been consolidated using the merger method of accounting.

Under the merger method of accounting, the results of the subsidiaries is presented as if the merger had been effected throughout the current and previous financial years/period. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve.

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

14. ACCOUNTANTS REPORT *(cont'd)***PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 BASIS OF CONSOLIDATION (CONT'D)****(a) Business Combinations**

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

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

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

(b) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year/period.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party or parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 BASIS OF CONSOLIDATION (CONT'D)****(c) Non-controlling Interests**

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

(d) Changes in Ownership Interests in Subsidiaries Without Change of Control

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

(e) Loss of Control

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

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

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

3.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

(b) Foreign Currency Transactions and Balances

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

3.5 FINANCIAL INSTRUMENTS

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

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

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

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

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

14. ACCOUNTANTS REPORT *(cont'd)*

PLYTEC HOLDING BERHAD**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Assets**

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

*Debt Instruments***(i) Amortised Cost**

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

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

(ii) Fair Value through Other Comprehensive Income

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

(iii) Fair Value through Profit or Loss

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

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

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Assets (Cont'd)***Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

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

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

(ii) Other Financial Liabilities

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

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

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 FINANCIAL INSTRUMENTS (CONT'D)****(c) Equity Instruments**

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

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

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

(d) Derecognition

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

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

(e) Financial Guarantee Contracts

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

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

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 PROPERTY, PLANT AND EQUIPMENT**

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

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

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

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

Freehold buildings	2%
Leasehold buildings	2%
Warehouse buildings	10%
Computers and software	10% - 20%
Formworks	12.50% - 20%
Furniture and fittings	10%
Motor vehicles	20%
Office and store equipment	10% - 20%
Plant and machinery	10% - 20%
Signboard	10%
Renovation	10%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

14. ACCOUNTANTS REPORT *(cont'd)*

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-of-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment property is 50 years.

Investment property under construction is not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

14. ACCOUNTANTS REPORT *(cont'd)*

PLYTEC HOLDING BERHAD**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.8 LEASES**

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

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

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

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

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

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

14. ACCOUNTANTS REPORT *(cont'd)*

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 INVENTORIES

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

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

3.10 CONTRACT ASSET

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

3.11 CASH AND CASH EQUIVALENTS

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

14. ACCOUNTANTS REPORT *(cont'd)*

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

14. ACCOUNTANTS REPORT *(cont'd)*

PLYTEC HOLDING BERHAD**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.12 IMPAIRMENT (CONT'D)****(b) Impairment of Non-financial Assets**

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

An impairment loss is recognised in profit or loss immediately. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

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

14. ACCOUNTANTS REPORT *(cont'd)*

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

3.14 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

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

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

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

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 INCOME TAXES (CONT'D)

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

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

3.15 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 revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.16 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.17 BORROWING COSTS

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

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.18 FAIR VALUE MEASUREMENTS**

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

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

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

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

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

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

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions (MFRS 2), leasing transactions (MFRS 16) and measurement that have some similarities to fair value but not are fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

3.19 OTHER INVESTMENTS

Other investment is not classified as financial assets, financial liabilities or equity instruments in accordance with the definitions stated under MFRS 132 due to the substance of the contractual arrangement definitions in MFRS 132.

In general, contracts purchased for own use are not accounted for as financial instruments.

3.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.20 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)**

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

(a) Sale of Products

Revenue from sale of products is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

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

(b) Rendering of Services

Revenue from providing services is recognised over time in the period in which the services are rendered.

(c) Construction Services

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

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

14. ACCOUNTANTS REPORT *(cont'd)*

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(d) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

3.21 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Interest Income

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

(b) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2020 RM	Additions RM	Disposals RM	Transfer to Inventories RM	Reclassification RM	Write Off RM	Depreciation Charges RM	Acquisition of Subsidiary (Note 30) RM	At 31.12.2020 RM
31.12.2020									
Audited									
<i>Carrying Amount</i>									
Freehold land and buildings	29,870,873	-	(73,408)	-	-	-	(76,759)	-	29,720,706
Leasehold buildings	6,447,353	-	-	-	-	-	(161,362)	-	6,285,991
Warehouse buildings	612,308	-	-	-	-	(247,728)	(86,364)	-	278,216
Computers and software	428,416	94,215	-	-	-	(10,699)	(337,233)	649,474	824,173
Formworks	25,521,467	9,006,931	-	(3,050,500)	-	(145,767)	(6,129,755)	-	25,202,376
Furniture and fittings	1,444,653	3,300	-	-	-	(4,904)	(183,066)	-	1,259,983
Motor vehicles	1,982,498	368,100	-	-	-	-	(714,629)	132,204	1,768,173
Office and store equipment	369,610	98,656	-	-	-	-	(92,781)	327,137	702,622
Plant and machinery	689,805	371,300	(15,140)	-	-	(1,068)	(202,189)	-	842,708
Signboard	933	-	-	-	-	-	(350)	-	583
Renovation	1,475,793	115,558	-	-	2,153,657	-	(168,169)	-	3,573,286
Capital work-in-progress	1,463,109	964,811	-	-	(2,153,657)	-	-	-	274,263
	70,306,818	11,022,871	(88,548)	(3,050,500)	-	(413,719)	(8,152,657)	1,108,815	70,733,080

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2021 RM	Additions RM	Disposals RM	Transfer to Inventories RM	Write Off RM	Depreciation Charges RM	At 31.12.2021 RM
31.12.2021							
Audited							
<i>Carrying Amount</i>							
Freehold land and buildings	29,720,706	1,023,000	(740,010)	-	-	(68,086)	29,935,610
Leasehold buildings	6,285,991	-	-	-	-	(161,363)	6,124,628
Warehouse buildings	278,216	-	-	-	-	(43,975)	234,241
Computers and software	824,173	192,742	(29,057)	-	-	(318,217)	669,641
Formworks	25,202,376	10,050,546	-	(4,967,843)	(71,014)	(5,857,651)	24,356,414
Furniture and fittings	1,259,983	10,000	-	-	(3,246)	(180,390)	1,086,347
Motor vehicles	1,768,173	-	(65,500)	-	-	(628,207)	1,074,466
Office and store equipment	702,622	23,600	-	-	-	(107,265)	618,957
Plant and machinery	842,708	1,300	-	-	-	(233,465)	610,543
Signboard	583	-	-	-	-	(350)	233
Renovation	3,573,286	38,892	-	(27,943)	(7,721)	(388,193)	3,188,321
Capital work-in-progress	274,263	1,521,548	-	-	-	-	1,795,811
	70,733,080	12,861,628	(834,567)	(4,995,786)	(81,981)	(7,987,162)	69,695,212

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2022 RM	Additions RM	Disposal RM	Transfer to Inventories RM	Write Off RM	Depreciation Charges RM	At 31.12.2022 RM
31.12.2022							
<i>Carrying Amount</i>							
Freehold land and buildings	29,935,610	10,470	-	-	-	(59,136)	29,886,944
Leasehold buildings	6,124,628	6,500	-	-	-	(161,373)	5,969,755
Warehouse buildings	234,241	170,690	-	-	-	(45,540)	359,391
Computers and software	669,641	422,280	(11,605)	-	-	(351,889)	728,427
Formworks	24,356,414	11,995,930	-	(5,138,126)	(28,398)	(5,425,458)	25,760,362
Furniture and fittings	1,086,347	161,506	-	-	-	(191,123)	1,056,730
Motor vehicles	1,074,466	486,403	-	-	-	(485,273)	1,075,596
Office and store equipment	618,957	267,766	-	-	-	(127,453)	759,270
Plant and machinery	610,543	1,064,821	-	-	-	(303,388)	1,371,976
Signboard	233	35,580	-	-	-	(3,268)	32,545
Renovation	3,188,321	270,606	-	-	-	(415,793)	3,043,134
Capital work-in-progress	1,795,811	695,134	-	-	-	-	2,490,945
	69,695,212	15,587,686	(11,605)	(5,138,126)	(28,398)	(7,569,694)	72,535,075

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2023 RM	Additions RM	Disposal RM	Transfer to Inventories RM	Write Off RM	Depreciation Charges RM	At 31.5.2023 RM
31.5.2023							
Audited							
<i>Carrying Amount</i>							
Freehold land and buildings	29,886,944	-	-	-	-	(24,684)	29,862,260
Leasehold buildings	5,969,755	-	-	-	-	(67,291)	5,902,464
Warehouse buildings	359,391	-	-	-	-	(25,434)	333,957
Computers and software	728,427	74,055	-	-	-	(128,446)	674,036
Formworks	25,760,362	20,021,403	-	(142,769)	(55,577)	(2,835,806)	42,747,613
Furniture and fittings	1,056,730	30,360	-	-	-	(85,339)	1,001,751
Motor vehicles	1,075,596	1,613,472	(21,667)	-	-	(284,349)	2,383,052
Office and store equipment	759,270	29,489	-	-	-	(65,170)	723,589
Plant and machinery	1,371,976	3,400	-	-	-	(170,835)	1,204,541
Signboard	32,545	-	-	-	-	(2,703)	29,842
Renovation	3,043,134	27,078	-	-	-	(183,336)	2,886,876
Capital work-in-progress	2,490,945	215,496	-	-	-	-	2,706,441
	72,535,075	22,014,753	(21,667)	(142,769)	(55,577)	(3,873,393)	90,456,422

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Audited	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
31.12.2020			
Freehold land and buildings	29,816,165	(95,459)	29,720,706
Leasehold buildings	8,068,131	(1,782,140)	6,285,991
Warehouse buildings	439,746	(161,530)	278,216
Computers and software	2,139,757	(1,315,584)	824,173
Formworks	47,090,179	(21,887,803)	25,202,376
Furniture and fittings	2,229,318	(969,335)	1,259,983
Motor vehicles	5,686,797	(3,918,624)	1,768,173
Office and store equipment	957,464	(254,842)	702,622
Plant and machinery	2,081,734	(1,239,026)	842,708
Signboard	3,500	(2,917)	583
Renovation	3,978,450	(405,164)	3,573,286
Capital work-in-progress	274,263	-	274,263
	102,765,504	(32,032,424)	70,733,080
31.12.2021			
Freehold land and buildings	30,062,931	(127,321)	29,935,610
Leasehold buildings	8,068,130	(1,943,502)	6,124,628
Warehouse buildings	439,746	(205,505)	234,241
Computers and software	2,065,475	(1,395,834)	669,641
Formworks	42,417,216	(18,060,802)	24,356,414
Furniture and fittings	1,805,276	(718,929)	1,086,347
Motor vehicles	5,536,797	(4,462,331)	1,074,466
Office and store equipment	981,064	(362,107)	618,957
Plant and machinery	2,083,035	(1,472,492)	610,543
Signboard	3,500	(3,267)	233
Renovation	3,890,410	(702,089)	3,188,321
Capital work-in-progress	1,795,811	-	1,795,811
	99,149,391	(29,454,179)	69,695,212
31.12.2022			
Freehold land and buildings	30,073,401	(186,457)	29,886,944
Leasehold buildings	8,074,630	(2,104,875)	5,969,755
Warehouse buildings	610,436	(251,045)	359,391
Computers and software	2,465,995	(1,737,568)	728,427
Formworks	41,875,619	(16,115,257)	25,760,362
Furniture and fittings	1,966,782	(910,052)	1,056,730
Motor vehicles	5,750,146	(4,674,550)	1,075,596
Office and store equipment	1,248,829	(489,559)	759,270
Plant and machinery	3,147,856	(1,775,880)	1,371,976
Signboard	39,080	(6,535)	32,545
Renovation	4,161,016	(1,117,882)	3,043,134
Capital work-in-progress	2,490,945	-	2,490,945
	101,904,735	(29,369,660)	72,535,075

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Audited	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
31.5.2023			
Freehold land and buildings	30,073,401	(211,141)	29,862,260
Leasehold buildings	8,074,630	(2,172,166)	5,902,464
Warehouse buildings	610,436	(276,479)	333,957
Computers and software	2,540,050	(1,866,014)	674,036
Formworks	61,440,974	(18,693,361)	42,747,613
Furniture and fittings	1,997,142	(995,391)	1,001,751
Motor vehicles	6,989,168	(4,606,116)	2,383,052
Office and store equipment	1,278,319	(554,730)	723,589
Plant and machinery	3,151,256	(1,946,715)	1,204,541
Signboard	39,080	(9,238)	29,842
Renovation	4,188,094	(1,301,218)	2,886,876
Capital work-in-progress	2,706,441	-	2,706,441
	123,088,991	(32,632,569)	90,456,422

- (a) The freehold land and buildings and certain leasehold buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 18, 23 and 24 to the consolidated financial statements.
- (b) Included in the property, plant and equipment were computers and software, formworks, furniture and fittings, motor vehicles, office and store equipment, plant and machinery with a total carrying amount of RM21,415,042 (31.12.2022 - RM13,834,060, 31.12.2021 - RM14,175,774, 31.12.2020 - RM15,437,483) held under hire purchase arrangements. These assets have had been pledged as security for the hire purchase payables as disclosed in Note 17 to the consolidated financial statements.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****5. INVESTMENT PROPERTIES**

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
Cost:-				
At 1 January	-	281,800	1,336,315	1,855,303
Additions	281,800	1,054,515	518,988	368,516
At 31 December/31 May	<u>281,800</u>	<u>1,336,315</u>	<u>1,855,303</u>	<u>2,223,819</u>
Accumulated depreciation:-				
At 1 January	-	-	-	(13,141)
Depreciation during the financial year/period	-	-	(13,141)	(7,229)
At 31 December/31 May	<u>-</u>	<u>-</u>	<u>(13,141)</u>	<u>(20,370)</u>
	<u>281,800</u>	<u>1,336,315</u>	<u>1,842,162</u>	<u>2,203,449</u>
Represented by:-				
Freehold building, at cost	-	641,364	659,577	1,139,148
Freehold building under construction, at cost	281,800	694,951	1,182,585	1,064,301
	<u>281,800</u>	<u>1,336,315</u>	<u>1,842,162</u>	<u>2,203,449</u>
Fair value	<u>281,800</u>	<u>1,334,951</u>	<u>1,822,585</u>	<u>2,191,101</u>

The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. RIGHT-OF-USE ASSETS

	At 1.1.2020 RM	Depreciation Charge RM	At 31.12.2020 RM	
31.12.2020				
Audited				
<i>Carrying Amount</i>				
Leasehold land	2,617,360	(39,914)	2,577,446	
	At 1.1.2021 RM	Depreciation Charge RM	At 31.12.2021 RM	
31.12.2021				
Audited				
<i>Carrying Amount</i>				
Leasehold land	2,577,446	(16,261)	2,561,185	
	At 1.1.2022 RM	Additions RM	Depreciation Charges RM	At 31.12.2022 RM
31.12.2022				
Audited				
<i>Carrying Amount</i>				
Leasehold land	2,561,185	220,874	(36,619)	2,745,440
Office	-	439,824	(54,978)	384,846
	2,561,185	660,698	(91,597)	3,130,286

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****6. RIGHT-OF-USE ASSETS (CONT'D)**

	At 1.1.2023 RM	Depreciation Charges RM	At 31.5.2023 RM
31.5.2023			
Audited			
<i>Carrying Amount</i>			
Leasehold land	2,745,440	(15,363)	2,730,077
Office	384,846	(30,543)	354,303
	<u>3,130,286</u>	<u>(45,906)</u>	<u>3,084,380</u>

- (a) The Group leases leasehold land and an office of which the leasing activities are summarised below:-
- (i) Leasehold land The Group has entered into 4 (31.12.2022 - 4, 31.12.2021 - 4, 31.12.2020 - 4) non-cancellable operating lease agreements for the use of land. The leases are for a period range from 75 to 96 (31.12.2022 - 75 to 96, 31.12.2021 - 75 to 96, 31.12.2020 - 75 to 96) years with no renewal or purchase option included in the agreements.
- (ii) Office The Group has an office that run for 3 (31.12.2022 - 3, 31.12.2021 - Nil, 31.12.2020 - Nil) years, with an option to renew the lease after that date. The Group is not allowed to sublease the office.
- (b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.
- (c) Certain leasehold land of the Group has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 18, 23 and 24 to the consolidated financial statements.

7. OTHER INVESTMENTS

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
Club membership, at cost	238,000	238,000	238,000	238,000
Accumulated impairment losses	(12,500)	(17,500)	(25,500)	(25,500)
Quoted shares, at fair value	225,500 729,675	220,500 568,692	212,500 395,221	212,500 395,221
	<u>955,175</u>	<u>789,192</u>	<u>607,721</u>	<u>607,721</u>

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****8. GOODWILL**

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
Cost:-				
At 1 January	-	1,955,898	1,955,898	1,955,898
Acquisition of subsidiary (Note 30)	1,955,898	-	-	-
At 31 December/31 May	<u>1,955,898</u>	<u>1,955,898</u>	<u>1,955,898</u>	<u>1,955,898</u>

- (a) The carrying amount of goodwill is allocated to BEST, a cash-generating unit.
- (b) The Group has assessed the recoverable amount of goodwill allocated. The recoverable amount of the cash-generating unit is determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

BEST

	31.12.2020 Audited %	31.12.2021 Audited %	31.12.2022 Audited %	31.5.2023 Audited %
Gross Margins	30 - 32	76 - 77	77	76
Growth Rates	10 - 58	10 - 95	10 - 38	10 - 16
Discount Rates	<u>6.88</u>	<u>6.88</u>	<u>6.88</u>	<u>6.88</u>

- (i) Budgeted gross margin The basis used to determine the value assigned to the budgeted gross profit margin is the average gross profit margin based on past performance and its expectations of market development.
- (ii) Growth rate Based on the expected projection of the type of business. There is no growth rate in perpetuity to arrive at terminal value.
- (iii) Pre-tax discount rate The rate reflects specific risks relating to the cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating unit and is based on both external sources and internal historical data.

- (c) Management believes that there is no reasonably possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****9. INVENTORIES**

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
Finished goods	5,585,916	5,926,086	5,856,507	6,121,458
Goods-in-transit	1,745,624	3,176,573	-	-
	<u>7,331,540</u>	<u>9,102,659</u>	<u>5,856,507</u>	<u>6,121,458</u>
Recognised in profit or loss:- Inventories recognised as cost of sales	<u>78,827,917</u>	<u>68,702,501</u>	<u>98,747,672</u>	<u>38,096,572</u>

10. TRADE RECEIVABLES

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
Trade receivables	52,566,378	55,601,766	59,622,661	64,468,563
Retention sums	102,813	42,099	125,181	147,720
	<u>52,669,191</u>	<u>55,643,865</u>	<u>59,747,842</u>	<u>64,616,283</u>
Allowance for impairment losses	<u>(3,381,327)</u>	<u>(4,061,936)</u>	<u>(816,980)</u>	<u>(816,980)</u>
	<u>49,287,864</u>	<u>51,581,929</u>	<u>58,930,862</u>	<u>63,799,303</u>
Allowance for impairment losses:-				
At 1 January	3,024,087	3,381,327	4,061,936	816,980
Addition during the financial year/period	357,240	1,037,849	407,605	-
Written off during the financial year/period	-	(357,240)	(3,652,561)	-
At 31 December/31 May	<u>3,381,327</u>	<u>4,061,936</u>	<u>816,980</u>	<u>816,980</u>

(a) The Group's normal trade credit terms range from cash on delivery ("COD") to 60 (31.12.2022 - COD to 60, 31.12.2021 - COD to 60, 31.12.2020 - COD to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) The retention sums are expected to be collected range from 12 to 24 (31.12.2022 - 12 to 24, 31.12.2021 - 12 to 24, 31.12.2020 - 12) months.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
Other receivables:-				
Third parties	3,298,597	1,457,127	1,529,773	1,373,792
Goods and services tax recoverable	20,303	20,303	20,303	20,303
Deposits	3,318,900	1,477,430	1,550,076	1,394,095
Prepayments	1,377,129	232,425	363,104	560,821
	2,401,069	1,913,060	8,074,979	7,329,739
	<u>7,097,098</u>	<u>3,622,915</u>	<u>9,988,159</u>	<u>9,284,655</u>

12. CONTRACT ASSETS

- (a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be billed progressively in the future upon the fulfilment of contractual milestones.
- (b) The changes to contract assets balances during the financial year/period are summarised below:-

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
At 1 January	1,739,207	-	-	-
Revenue recognised in profit or loss during the financial year/period	583,023	-	-	-
Billings to customers during the financial year/period	(2,322,230)	-	-	-
At 31 December/ 31 May	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Represented by:- Contract assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.55% to 2.90% (31.12.2022 - 1.30% to 2.65%, 31.12.2021 - 1.30% to 1.75%, 31.12.2020 - 1.30% to 3.00%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 (31.12.2022 - 30 to 365, 31.12.2021 - 365, 31.12.2020 - 365) days.

The fixed deposits with licensed banks of the Group at the end of the reporting period have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 18, 23 and 24 to the consolidated financial statements.

14. SHARE CAPITAL

	31.12.2020 Audited	31.12.2021 Audited Number Of Shares	31.12.2022 Audited	31.5.2023 Audited
Issued and Fully Paid-Up				
Ordinary Shares				
At 31 December/31 May/ 1 January	100,000,000	100,000,000	100,000,000	100,000,000
	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 31 December/31 May/ 1 January	50,000,000	50,000,000	50,000,000	50,000,000

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

15. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries upon consolidation under the merger accounting principles.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****16. LEASE LIABILITIES**

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
At 1 January	-	-	-	391,227
Addition	-	-	439,824	-
Interest expense recognised in profit or loss	-	-	14,403	7,271
Repayment of principal	-	-	(48,597)	(27,729)
Repayment of interest expense	-	-	(14,403)	(7,271)
At 31 December/31 May	<u>-</u>	<u>-</u>	<u>391,227</u>	<u>363,498</u>
Analysed by:-				
Current liabilities	-	-	67,450	68,750
Non-current liabilities	-	-	323,777	294,748
	<u>-</u>	<u>-</u>	<u>391,227</u>	<u>363,498</u>

17. HIRE PURCHASE PAYABLES

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
Current liabilities	6,096,040	5,726,681	5,550,207	7,252,209
Non-current liabilities	2,400,844	4,435,655	4,090,615	9,618,604
	<u>8,496,884</u>	<u>10,162,336</u>	<u>9,640,822</u>	<u>16,870,813</u>

(a) The hire purchase payables are secured by certain plant and equipment of the Group as disclosed in Note 4 to the consolidated financial statements.

(b) The interest rate profile of the hire purchase payables is summarised below:-

	31.12.2020 Audited %	31.12.2021 Audited %	31.12.2022 Audited %	31.5.2023 Audited %
Fixed rate	<u>2.29 - 3.85</u>	<u>2.29 - 3.79</u>	<u>2.18 - 3.50</u>	<u>2.18 - 3.60</u>

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. TERM LOANS

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
Current liabilities	2,673,400	2,863,949	2,875,404	2,879,353
Non-current liabilities	16,147,051	14,388,120	11,783,533	10,751,722
	<u>18,820,451</u>	<u>17,252,069</u>	<u>14,658,937</u>	<u>13,631,075</u>

(a) The term loans are secured by:-

- (i) a legal charge over certain properties of the Group as disclosed in Notes 4 and 6 to the consolidated financial statements;
- (ii) a joint and several guarantee by certain directors of the Group, a shareholder and individual third parties;
- (iii) fixed deposits with licensed banks of the Group as disclosed in Note 13 to the consolidated financial statements;
- (iv) a corporate guarantee by the Company;
- (v) a corporate guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad; and
- (vi) a guarantee by an individual third party which has been discharged in the previous financial year.

(b) The interest rate profile of the term loans is summarised below:-

	31.12.2020 Audited %	Effective Interest Rate		31.5.2023 Audited %
		31.12.2021 Audited %	31.12.2022 Audited %	
Fixed rate term loans	3.00	3.00	3.00	3.00
Floating rate term loans	4.36 - 5.95	3.23 - 5.01	4.32 - 6.89	4.95 - 7.20
	<u>1,000,000</u>	<u>965,762</u>	<u>803,750</u>	<u>721,823</u>
	<u>17,820,451</u>	<u>16,286,307</u>	<u>13,855,187</u>	<u>12,909,252</u>
	<u>18,820,451</u>	<u>17,252,069</u>	<u>14,658,937</u>	<u>13,631,075</u>

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****19. DEFERRED TAX LIABILITIES**

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
At 1 January	333,788	337,788	1,008,288	1,865,209
Acquisition of subsidiary (Note 30)	4,000	-	-	-
Recognised in profit or loss (Note 28)	-	670,500	856,921	-
At 31 December/31 May	<u>337,788</u>	<u>1,008,288</u>	<u>1,865,209</u>	<u>1,865,209</u>

The deferred tax liabilities relates to temporary differences between depreciation and capital allowances on qualifying cost of equipment.

20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (31.12.2022 - 30 to 90, 31.12.2021 - 30 to 90, 31.12.2020 - 30 to 90) days.

21. OTHER PAYABLES AND ACCRUALS

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
Other payables:				
- third parties	1,252,938	1,614,306	1,966,178	1,524,162
- goods and services tax payable	49,343	1,469	1,469	1,469
- sales and service tax payable	34,876	110,588	185,820	156,516
	1,337,157	1,726,363	2,153,467	1,682,147
Accruals	1,127,151	1,752,097	3,098,980	3,126,182
Deposits received	13,195,159	8,465,490	7,908,764	12,072,815
	<u>15,659,467</u>	<u>11,943,950</u>	<u>13,161,211</u>	<u>16,881,144</u>

22. AMOUNT OWING TO A DIRECTOR

In the previous financial years, the amount owing was non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****23. SHORT-TERM BORROWINGS**

		31.12.2020	31.12.2021	31.12.2022	31.5.2023
	Note	Audited RM	Audited RM	Audited RM	Audited RM
Bankers' acceptances	(a)	31,096,000	30,277,000	25,717,000	34,108,357
Revolving credits	(b)	7,310,107	7,540,592	9,176,858	12,499,034
		<u>38,406,107</u>	<u>37,817,592</u>	<u>34,893,858</u>	<u>46,607,391</u>

(a) The bankers' acceptances are secured by:-

- (i) a legal charge over certain properties of the Group as disclosed in Notes 4 and 6 to the consolidated financial statements;
- (ii) a joint and several guarantee by certain directors of the Group, a shareholder and an individual third party;
- (iii) fixed deposits with licensed banks of the Group as disclosed in Note 13 to the consolidated financial statements;
- (iv) a corporate guarantee by the Company; and
- (v) a guarantee by an individual third party which has been discharged in the previous financial year.

The bankers' acceptances of the Group at the end of the reporting period bore effective interest rates ranging from 3.15% to 8.24% (31.12.2022 - 3.86% to 5.16%, 31.12.2021 - 3.80% to 4.86%, 31.12.2020 - 3.00% to 4.71%) per annum.

(b) The revolving credits are secured by:-

- (i) a legal charge over a piece of freehold land of the Group as disclosed in Note 4 to the consolidated financial statements;
- (ii) a joint and several guarantee by certain directors of the Group and a shareholder; and
- (iii) a corporate guarantee by the Company.

The revolving credits of the Group at the end of the reporting period bore effective interest rates ranging from 5.42% to 6.08% (31.12.2022- 5.33% to 5.90%, 31.12.2021 - 3.08% to 3.72%, 31.12.2020 - 3.30% to 4.85%) per annum.

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. BANK OVERDRAFTS

- (a) The bank overdrafts are secured by:-
- (i) a legal charge over certain properties of the Group as disclosed in Notes 4 and 6 to the consolidated financial statements;
 - (ii) a joint and several guarantee by certain directors of the Group and a shareholder;
 - (iii) fixed deposits with licensed banks of the Group as disclosed in Note 13 to the consolidated financial statements; and
 - (iv) a corporate guarantee by the Company.
- (b) The bank overdrafts of the Group at the end of the reporting period bore floating interest rates ranging from 6.76% to 8.49% (31.12.2022 - 7.51% to 8.24%, 31.12.2021 - 5.51% to 6.95%, 31.12.2020 - 5.51% to 7.24%) per annum.

25. REVENUE

	< -- Financial Year Ended 31 December -- >			1.1.2022 to 31.5.2022 Unaudited RM	1.1.2023 to 31.5.2023 Audited RM
	2020 Audited RM	2021 Audited RM	2022 Audited RM		
Revenue from Contracts with Customers					
<u>Revenue recognised at a point in time</u>					
Sales of goods	92,201,920	92,581,267	129,808,679	42,532,246	44,074,947
<u>Revenue recognised over time</u>					
Contract revenue	583,023	-	-	-	-
Design consultancy and architecture works	1,468,570	3,198,286	7,118,982	2,687,575	3,121,781
Rental income	19,538,297	16,932,469	21,162,563	8,670,712	15,383,839
Revenue from Other Sources					
Dividend income	-	-	500	250	-
	<u>113,791,810</u>	<u>112,712,022</u>	<u>158,090,724</u>	<u>53,890,783</u>	<u>62,580,567</u>

The information on the disaggregation of revenue by geographical market is disclosed in Note 35.2 to the consolidated financial statements.

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	< - Financial Year Ended 31 December - >			1.1.2022	1.1.2023
	2020	2021	2022	to	to
	Audited	Audited	Audited	31.5.2022	31.5.2023
	RM	RM	RM	Unaudited	Audited
				RM	RM
Impairment losses on trade receivables	357,240	1,037,849	407,605	-	-

27. PROFIT BEFORE TAXATION

	< - Financial Year Ended 31 December - >			1.1.2022	1.1.2023
	2020	2021	2022	to	to
	Audited	Audited	Audited	31.5.2022	31.5.2023
	RM	RM	RM	Unaudited	Audited
				RM	RM
Profit before taxation is arrived at after charging/(crediting):-					
Auditors' remuneration:					
- current financial year/period	155,000	163,000	175,000	35,000	76,250
- underprovision in the previous financial year/period	-	21,000	-	-	-
Bad debts written off	-	69,217	-	-	1,438
Depreciation:					
- property, plant and equipment	8,152,657	7,987,162	7,569,694	2,949,524	3,873,393
- right-of-use assets	39,914	16,261	91,597	27,329	45,906
- investment properties	-	-	13,141	5,344	7,229
Directors' fee (Note 33(a))	-	-	225,000	45,000	150,000
Directors' remuneration (Note 33(a))	1,475,529	1,638,055	2,295,604	657,754	759,548
Fair value (gain)/loss on other investments	(256,930)	189,440	323,471	-	-
Impairment loss on other investments	12,500	5,000	8,000	-	-

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****27. PROFIT BEFORE TAXATION (CONT'D)**

	< - Financial Year Ended 31 December - >			1.1.2022	1.1.2023
	2020	2021	2022	to	to
	Audited	Audited	Audited	31.5.2022	31.5.2023
	RM	RM	RM	Unaudited	Audited
				RM	RM
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-					
Interest expense on lease liabilities	-	-	14,403	3,344	7,271
Interest expense on financial liabilities that are not at fair value through profit or loss:					
- bank overdrafts	188,066	322,744	260,775	82,219	131,348
- bankers' acceptances	1,414,278	1,106,612	1,191,781	585,003	667,902
- hire purchase	727,591	678,864	561,968	254,077	318,507
- revolving credits	344,024	139,684	360,580	127,763	262,379
- term loans	911,316	775,485	772,739	356,471	307,361
Lease expenses:					
- short-term leases	303,997	158,800	147,006	67,100	43,000
- low-value assets	71,003	60,951	62,127	27,059	15,200
(Gain)/Loss on disposal of property, plant and equipment	(216,453)	71,267	(395)	(395)	(73,833)
(Gain)/Loss on foreign exchange:					
- unrealised	(33,869)	33,869	-	-	-
- realised	(184,781)	(122,579)	(272,065)	(177,958)	(9,749)
Property, plant and equipment written off	413,719	81,981	28,398	-	55,577
Staff costs (including other key management personnel as disclosed in Note 33(b)):					
- salaries, bonuses, allowances and other benefits	6,903,392	6,430,537	9,807,119	3,920,570	4,798,017
- defined contribution benefits	747,602	694,291	1,078,243	367,813	466,171

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****27. PROFIT BEFORE TAXATION (CONT'D)**

	< - Financial Year Ended 31 December - >			1.1.2022	1.1.2023
	2020	2021	2022	to	to
	Audited	Audited	Audited	31.5.2022	31.5.2023
	RM	RM	RM	Unaudited	Audited
				RM	RM
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-					
COVID-19-related subsidies from government	(75,600)	(171,000)	-	-	-
Dividend income	(15,056)	(16,467)	(8,967)	(7,875)	-
Gain on disposal of other investments	-	(1,557)	-	-	-
Interest income on financial assets measured at amortised cost:					
- fixed deposits with licensed banks	(437,694)	(287,885)	(311,044)	(147,460)	(157,422)
Lease income from property	(55,000)	(13,200)	(15,760)	(5,360)	(7,200)
Reversal of bad debts written off	(4,838)	-	(560)	(560)	-

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****28. INCOME TAX EXPENSE**

	< - Financial Year Ended 31 December - >			1.1.2022 to 31.5.2022	1.1.2023 to 31.5.2023
	2020 Audited RM	2021 Audited RM	2022 Audited RM	Unaudited RM	Audited RM
Current tax expense	2,992,949	3,385,500	4,358,000	1,252,000	939,300
Under/(Over)provision in the previous financial year/period	96,595	(57,598)	(205,267)	-	(365,083)
	<u>3,089,544</u>	<u>3,327,902</u>	<u>4,152,733</u>	<u>1,252,000</u>	<u>574,217</u>
Deferred tax (Note 19) - origination and reversal of temporary differences	-	670,500	856,921	-	-
	<u>3,089,544</u>	<u>3,998,402</u>	<u>5,009,654</u>	<u>1,252,000</u>	<u>574,217</u>

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****28. INCOME TAX EXPENSE (CONT'D)**

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

	< - Financial Year Ended 31 December - >			1.1.2022 to 31.5.2022	1.1.2023 to 31.5.2023
	2020 Audited RM	2021 Audited RM	2022 Audited RM	Unaudited RM	Audited RM
Profit before taxation	10,263,779	14,836,497	18,747,162	5,441,267	3,416,037
Tax at the statutory tax rate of 24% (31.5.2022 - 24%, 31.12.2022 - 24%, 31.12.2021 - 24%, 31.12.2020 - 24%)	2,463,307	3,560,759	4,499,319	1,305,904	819,849
Tax effects of:-					
Non-deductible expenses	507,584	665,864	1,083,464	158,027	212,101
Non-taxable income	(114,230)	(69,079)	(73,478)	(55,595)	(18,010)
Deferred tax assets not recognised during the financial year/period	136,288	-	-	-	-
Utilisation of deferred tax assets previously not recognised	-	(101,544)	(294,384)	(156,336)	(74,640)
Under/(Over)provision of current tax in the previous financial year/period	96,595	(57,598)	(205,267)	-	(365,083)
	<u>3,089,544</u>	<u>3,998,402</u>	<u>5,009,654</u>	<u>1,252,000</u>	<u>574,217</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (31.5.2022 - 24%, 31.12.2022 - 24%, 31.12.2021 - 24%, 31.12.2020 - 24%) of the estimated assessable profit for the financial year/period.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****28. INCOME TAX EXPENSE (CONT'D)**

The temporary difference attributable to the deferred tax assets which are not recognised in respect of the following:-

As at 31 December 2021

	31.12.2020 Audited RM	31.12.2021 Audited RM
Deferred tax assets:		
- unabsorbed capital allowances	730,200	126,100
- unutilised tax losses	1,844,500	2,025,500
	<u>2,574,700</u>	<u>2,151,600</u>

As at 31 December 2022

	31.12.2021 Audited RM	31.12.2022 Audited RM
Deferred tax asset:		
- unutilised tax losses	1,874,900	648,300
	<u>1,874,900</u>	<u>648,300</u>

As at 31 May 2023

	31.12.2022 Audited RM	31.5.2023 Audited RM
Deferred tax asset:		
- unutilised tax losses	628,000	317,000
	<u>628,000</u>	<u>317,000</u>

Based on the current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment.

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. EARNINGS PER SHARE

	< - Financial Year Ended 31 December - >			1.1.2022	1.1.2023
	2020	2021	2022	to	to
	Audited	Audited	Audited	31.5.2022	31.5.2023
				Unaudited	Audited
Profit after taxation attributable to owners of the Company (RM)	7,174,235	10,813,946	13,688,316	4,174,127	2,789,953
Weighted average number of ordinary shares in issue	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Basic earnings per share (sen)	7.17	10.81	13.69	4.17	2.79

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

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****30. ACQUISITION OF SUBSIDIARY**

In the financial year ended 31 December 2020, the PFWSI acquired 100% equity interests in BEST. Subsequently, in the financial year ended 31 December 2021, the Company acquired 100% equity interest in BEST from its subsidiary, PFWSI. The acquisition of this subsidiary was to enable the Company to expand its business into design consultancy and architecture works.

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

	31.12.2020 RM
Property, plant and equipment (Note 4)	1,108,815
Trade receivables	1,803,731
Other receivables, deposits and prepayments	305,184
Cash and bank balances	29,044
Hire purchase payables	(639,553)
Deferred tax liabilities (Note 19)	(4,000)
Trade payables	(48,690)
Other payables and accruals	(4,248,474)
Current tax liabilities	(11,955)
	<hr/>
	(1,705,898)
Add: Goodwill on acquisition (Note 8)	1,955,898
	<hr/>
Total purchase consideration, settled by cash	250,000
Less: Cash and bank balances of subsidiary acquired	(29,044)
	<hr/>
Net outflow from the acquisition of a subsidiary	220,956
	<hr/>

The goodwill was attributable mainly to the expected revenue growth of the subsidiary and its future market development. The goodwill was not deductible for tax purposes.

The subsidiary had contributed revenue of RM14,118,673 and profit after taxation of RM2,282,238 to the Group since the date of acquisition.

There were no acquisitions of new subsidiaries in the financial year/period 31.12.2021, 31.12.2022 and 31.5.2023.

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. DIVIDENDS

	< - Financial Year Ended 31 December - >			1.1.2022	1.1.2023
	2020	2021	2022	to 31.5.2022	to 31.5.2023
	Audited	Audited	Audited	Unaudited	Audited
	RM	RM	RM	RM	RM
Single tier dividend of Nil (31.5.2022 - 1.00, 31.12.2022 - 1.00, 31.12.2021 - Nil, 31.12.2020 - Nil) sen per ordinary share in respect of the previous financial year/period	-	-	1,000,000	1,000,000	-
Single tier dividend of Nil (31.5.2022 - 0.50, 31.12.2022 - 0.50, 31.12.2021 - Nil, 31.12.2020 - Nil) sen per ordinary share in respect of the previous financial year/period	-	-	500,000	500,000	-
Single tier interim dividend of Nil (31.5.2022 - Nil, 31.12.2022 - 1.00, 31.12.2021 - Nil, 31.12.2020 - Nil) sen per ordinary share in respect of the current financial year/period	-	-	1,000,000	-	-
	-	-	2,500,000	1,500,000	-

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****32. CASH FLOW INFORMATION**

- (a) The cash disbursed for the purchase of investment properties and the addition of property, plant and equipment are as follows:-

	< - Financial Year Ended 31 December - >			1.1.2022 to 31.5.2022	1.1.2023 to 31.5.2023
	2020 Audited RM	2021 Audited RM	2022 Audited RM	Unaudited RM	Audited RM
Investment properties					
Cost of investment properties purchased (Note 5)	281,800	1,054,515	518,988	396,454	368,516
Less: Deposit made in the previous financial year/period	(91,180)	-	-	-	-
	<u>190,620</u>	<u>1,054,515</u>	<u>518,988</u>	<u>396,454</u>	<u>368,516</u>
Property, plant and equipment					
Cost of property, plant and equipment acquired (Note 4)	11,022,871	12,861,628	15,587,686	4,557,282	22,014,753
Less: Acquired through hire purchase arrangements	(2,518,463)	(6,789,249)	(5,868,081)	(724,000)	(9,984,614)
	<u>8,504,408</u>	<u>6,072,379</u>	<u>9,719,605</u>	<u>3,833,282</u>	<u>12,030,139</u>
Right-of-use assets					
Cost of right-of-use assets acquired (Note 6)	-	-	660,698	660,698	-
Less: Additions of new lease liabilities	-	-	(439,824)	(439,824)	-
	<u>-</u>	<u>-</u>	<u>220,874</u>	<u>220,874</u>	<u>-</u>

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

	Hire Purchase Payables RM	Bankers' Acceptances RM	Revolving Credits RM	Term Loans RM	Total RM
1.1.2020					
to					
31.12.2020	12,244,115	37,431,406	9,961,471	18,887,280	78,524,272
Audited					
At 1 January					
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	1,266,798	80,413,401	12,844,795	1,000,000	95,524,994
Repayment of principal	(8,172,045)	(86,748,807)	(15,496,159)	(1,066,829)	(111,483,840)
Repayment of interests	(727,591)	(1,414,278)	(344,024)	(911,316)	(3,397,209)
	(7,632,838)	(7,749,684)	(2,995,388)	(978,145)	(19,356,055)
<u>Other Changes</u>					
Acquisition of subsidiary (Note 30)	639,553	-	-	-	639,553
New hire purchase (Note 32(a))	2,518,463	-	-	-	2,518,463
Interest expense recognised in profit or loss (Note 27)	727,591	1,414,278	344,024	911,316	3,397,209
	3,885,607	1,414,278	344,024	911,316	6,555,225
At 31 December	8,496,884	31,096,000	7,310,107	18,820,451	65,723,442

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

	Hire Purchase Payables RM	Bankers' Acceptances RM	Revolving Credits RM	Term Loans RM	Total RM
1.1.2021	8,496,884	31,096,000	7,310,107	18,820,451	65,723,442
to 31.12.2021	3,183,920 (8,307,717) (678,864)	59,094,762 (59,913,762) (1,106,612)	20,581,266 (20,350,781) (139,684)	1,800,000 (2,422,406) (775,485)	84,659,948 (90,994,666) (2,700,645)
Audited	(5,802,661)	(1,925,612)	90,801	(1,397,891)	(9,035,363)
At 1 January	6,789,249 678,864 -	- 1,106,612 -	- 139,684 -	- 775,485 (945,976)	6,789,249 2,700,645 (945,976)
<u>Changes in Financing Cash Flows</u>	7,468,113	1,106,612	139,684	(170,491)	8,543,918
Proceeds from drawdown	10,162,336	30,277,000	7,540,592	17,252,069	65,231,997
Repayment of principal					
Repayment of interests					
<u>Other Changes</u>					
New hire purchase (Note 32(a))					
Interest expense recognised in profit or loss (Note 27)					
Surrender of Insurance Premium					
At 31 December					

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

	Hire Purchase Payables RM	Lease Liabilities RM	Bankers' Acceptances RM	Revolving Credits RM	Term Loans RM	Total RM
1.1.2022	-	-	-	-	-	-
to	(6,389,595)	(48,597)	(86,094,000)	(24,867,153)	(2,757,347)	(120,156,692)
31.12.2022	(561,968)	(14,403)	(1,191,781)	(360,580)	(772,739)	(2,901,471)
Audited						
At 1 January	10,162,336	-	30,277,000	7,540,592	17,252,069	65,231,997
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	-	-	81,534,000	26,503,419	164,215	108,201,634
Repayment of principal	(5,868,081)	(48,597)	(86,094,000)	(24,867,153)	(2,757,347)	(120,156,692)
Repayment of interests		(14,403)	(1,191,781)	(360,580)	(772,739)	(2,901,471)
	(6,951,563)	(63,000)	(5,751,781)	1,275,686	(3,365,871)	(14,856,529)
<u>Other Changes</u>						
Acquisition of new leases:						
- Right-of-use assets capitalised during the financial year (Note 32(a))	439,824	-	-	-	-	439,824
New hire purchase (Note 32(a))	5,868,081	-	-	-	-	5,868,081
Interest expense recognised in profit or loss (Note 27)	561,968	14,403	1,191,781	360,580	772,739	2,901,471
	6,430,049	454,227	1,191,781	360,580	772,739	9,209,376
At 31 December	9,640,822	391,227	25,717,000	9,176,858	14,658,937	59,584,844

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

	Hire Purchase Payables RM	Lease Liabilities RM	Bankers' Acceptances RM	Revolving Credits RM	Term Loans RM	Total RM
1.1.2022						
to						
31.5.2022	10,162,336	-	30,277,000	7,540,592	17,252,069	65,231,997
Unaudited						
At 1 January						
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	-	-	33,278,000	10,330,665	164,215	43,772,880
Repayment of principal	(2,814,894)	(10,656)	(39,628,000)	(8,624,634)	(1,073,596)	(52,151,780)
Repayment of interests	(254,077)	(3,344)	(585,003)	(127,763)	(356,471)	(1,326,658)
	(3,068,971)	(14,000)	(6,935,003)	1,578,268	(1,265,852)	(9,705,558)
<u>Other Changes</u>						
Acquisition of new leases:						
- Right-of-use assets capitalised during the financial year (Note 32 (a))	-	439,824	-	-	-	439,824
New hire purchase (Note 32(a))	724,000	-	-	-	-	724,000
Interest expense recognised in profit or loss (Note 27)	254,077	3,344	585,003	127,763	356,471	1,326,658
	978,077	443,168	585,003	127,763	356,471	2,490,482
At 31 May	8,071,442	429,168	23,927,000	9,246,623	16,342,688	58,016,921

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

	Hire Purchase Payables RM	Lease Liabilities RM	Bankers' Acceptances RM	Revolving Credits RM	Term Loans RM	Total RM
1.1.2023	9,640,822	391,227	25,717,000	9,176,858	14,658,937	59,584,844
to						
31.5.2023	370,454 (3,125,077) (318,507)	- (27,729) (7,271)	49,805,432 (41,414,075) (667,902)	17,704,724 (14,382,548) (262,379)	164,215 (1,192,077) (307,361)	68,044,825 (60,141,506) (1,563,420)
Audited	(3,073,130)	(35,000)	7,723,455	3,059,797	(1,335,223)	6,339,899
At 1 January	9,640,822	391,227	25,717,000	9,176,858	14,658,937	59,584,844
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown						
Repayment of principal						
Repayment of interests						
<u>Other Changes</u>						
New hire purchase (Note 32(a))	9,984,614	-	-	-	-	9,984,614
Interest expense recognised in profit or loss (Note 27)	318,507	7,271	667,902	262,379	307,361	1,563,420
	10,303,121	7,271	667,902	262,379	307,361	11,548,034
At 31 May	16,870,813	363,498	34,108,357	12,499,034	13,631,075	77,472,777

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****32. CASH FLOW INFORMATION (CONT'D)**

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

	< - Financial Year Ended 31 December - >			1.1.2022	1.1.2023
	2020	2021	2022	to	to
	Audited	Audited	Audited	31.5.2022	31.5.2023
	RM	RM	RM	Unaudited	Audited
				RM	RM
Payment of short-term leases	303,997	158,800	147,006	67,100	43,000
Payment of low-value assets	71,003	60,951	62,127	27,059	15,200
Interest paid on lease liabilities	-	-	14,403	3,344	7,271
Payment of lease liabilities	-	-	48,597	10,656	27,729
	<u>375,000</u>	<u>219,751</u>	<u>272,133</u>	<u>108,159</u>	<u>93,200</u>

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

	< - Financial Year Ended 31 December - >			1.1.2022	1.1.2023
	2020	2021	2022	to	to
	Audited	Audited	Audited	31.5.2022	31.5.2023
	RM	RM	RM	Unaudited	Audited
				RM	RM
Fixed deposits with licensed banks	17,868,950	18,820,060	19,839,913	19,267,520	20,287,335
Cash and bank balances	1,241,693	1,782,730	3,482,723	861,849	2,255,368
Bank overdrafts	(4,824,519)	(1,890,669)	(3,108,535)	(3,129,604)	(3,013,830)
	<u>14,286,124</u>	<u>18,712,121</u>	<u>20,214,101</u>	<u>16,999,765</u>	<u>19,528,873</u>
Less: Fixed deposits pledged to licensed banks (Note 13)	(17,868,950)	(18,820,060)	(19,839,913)	(19,267,520)	(20,287,335)
	<u>(3,582,826)</u>	<u>(107,939)</u>	<u>374,188</u>	<u>(2,267,755)</u>	<u>(758,462)</u>

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****33. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel of the Group include executive directors and non-executive directors of the Company and certain members of senior management of the Group.

The key management personnel compensation during the financial year/period are as follows:-

	< Financial Year Ended 31 December >			1.1.2022 to 31.5.2022	1.1.2023 to 31.5.2023
	2020 Audited RM	2021 Audited RM	2022 Audited RM	Unaudited RM	Audited RM
(a) Directors of the Company					
Short-term employee benefits:					
- fees	-	-	225,000	45,000	150,000
- salaries, bonuses, allowances and other benefits	1,302,780	1,443,804	1,989,044	568,654	656,448
	1,302,780	1,443,804	2,214,044	613,654	806,448
Defined contribution benefits	172,749	194,251	306,560	89,100	103,100
Total directors' remuneration (Note 27)	1,475,529	1,638,055	2,520,604	702,754	909,548
(b) Other Key Management Personnel					
Short-term employee benefits:					
- salaries, bonuses, allowances and other benefits	989,731	828,951	903,283	353,901	401,758
Defined contribution benefits	118,440	97,116	105,510	42,300	48,000
Total compensation for other key management personnel	1,108,171	926,067	1,008,793	396,201	449,758

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****34. RELATED PARTY DISCLOSURES****(a) Identities of Related Parties**

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

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

(b) Related Party Transactions and Balances

Other than those disclosed elsewhere in the consolidated financial statements, the Group also carried out the following transactions with the related parties during the financial year/period:-

	< - Financial Year Ended 31 December - >			1.1.2022	1.1.2023
	2020	2021	2022	to	to
	Audited	Audited	Audited	31.5.2022	31.5.2023
	RM	RM	RM	Unaudited	Audited
				RM	RM
<u>Related Parties</u>					
Purchase from Short-term leases	66,872	104,430	325,254	136,850	135,052
expenses paid or payables to Management fees received or receivables from	78,385	82,590	62,800	35,000	16,000
	<u>360,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the consolidated financial statements.

14. ACCOUNTANTS REPORT *(cont'd)*

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective.

The Group is organised into four areas of businesses:-

- (i) Construction method engineering solutions - provision of new and refurbished temporary works equipment for sale and rental together with the provision of solutions that support the forming and safe erection of concrete structures.
- (ii) Trading and distribution of building materials - trade and distribute building materials for construction projects.
- (iii) Digital design and engineering solutions - provision of digital designs and engineering solutions.
- (iv) Prefabricated construction solutions - planning, designing, production planning and coordination throughout the manufacturing process of prefabricated components, trading of lifting and connection accessories for precast concrete construction.

All other business segments include investment holdings which are not separately reported as the segment's operations are not material to the Group.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2020							
to							
31.12.2020							
Audited							
Revenue							
External revenue	43,887,512	68,435,728	1,468,570	-	-	-	113,791,810
Inter-segment revenue	7,660	1,375,091	200,366	-	5,100	(1,588,217)	-
	43,895,172	69,810,819	1,668,936	-	5,100	(1,588,217)	113,791,810
Results							
Segment profit/(loss)	11,742,718	2,869,384	(648,140)	(6,881)	(198,762)	109,039	13,867,358
Finance costs	(1,993,095)	(1,578,451)	(32,033)	-	-	-	(3,603,579)
Profit/(Loss) before taxation	9,749,623	1,290,933	(680,173)	(6,881)	(198,762)	109,039	10,263,779

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2020 to 31.12.2020							
Audited							
<u>Other Information</u>							
Depreciation:							
- property, plant and equipment	6,870,354	1,024,056	254,503	-	3,744	-	8,152,657
- right-of-use assets	106,000	21,953	-	-	-	(88,039)	39,914
Impairment losses on trade receivables	191,343	165,897	-	-	-	-	357,240
Interest expense on financial liabilities that are not at fair value through profit or loss:							
- bank overdrafts	49,487	138,579	-	-	-	-	188,066
- bankers' acceptances	275,012	1,139,266	-	-	-	-	1,414,278
- hire purchase	678,125	17,433	32,033	-	-	-	727,591
- revolving credits	344,024	-	-	-	-	-	344,024
- term loans	628,186	283,130	-	-	-	-	911,316

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2020							
to							
31.12.2020							
Audited							
<u>Other Information</u>							
(Cont'd)							
Dividend income	-	(15,056)	-	-	-	-	(15,056)
Interest income on financial assets measured at amortised cost:							
- fixed deposits with licensed banks	(128,969)	(308,725)	-	-	-	-	(437,694)
Income tax expense	2,086,083	575,256	-	-	428,205	-	3,089,544

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
31.12.2020							
Audited							
Assets							
Segment assets/ Consolidated total assets	101,695,083	66,808,053	2,097,674	10,000	60,212,335	(70,993,814)	159,829,331
Additions to non-current assets other than financial instruments							
Property, plant and equipment	10,656,296	131,336	4,640	-	230,599	-	11,022,871
Investment properties	-	-	-	-	281,800	-	281,800
Liabilities							
Segment liabilities/ Consolidated total liabilities	63,357,115	45,314,698	3,237,571	6,881	510,276	(14,132,030)	98,294,511

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2021							
to							
31.12.2021							
Audited							
Revenue							
External revenue	50,626,102	57,491,734	2,990,496	1,603,190	500	-	112,712,022
Inter-segment revenue	65,756	1,557,257	103,894	-	-	(1,726,907)	-
	50,691,858	59,048,991	3,094,390	1,603,190	500	(1,726,907)	112,712,022
Results							
Segment profit/(loss)	15,141,920	1,907,902	605,527	384,035	(1,038,191)	858,693	17,859,886
Finance costs	(1,858,753)	(1,152,481)	(12,155)	-	-	-	(3,023,389)
Profit/(Loss) before taxation	13,283,167	755,421	593,372	384,035	(1,038,191)	858,693	14,836,497

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2021							
to							
31.12.2021							
Audited							
Other Information							
Depreciation:							
- property, plant and equipment	6,753,032	984,354	249,442	-	334	-	7,987,162
- right-of-use assets	53,001	21,953	-	-	-	(58,693)	16,261
Impairment losses on investment in subsidiaries	-	-	-	-	800,000	(800,000)	-
Impairment losses on trade receivables	262,748	710,301	64,800	-	-	-	1,037,849
Interest expense on financial liabilities that are not at fair value through profit or loss:							
- bank overdrafts	148,219	174,525	-	-	-	-	322,744
- bankers' acceptances	387,081	719,531	-	-	-	-	1,106,612
- hire purchase	643,418	23,291	12,155	-	-	-	678,864
- revolving credits	139,684	-	-	-	-	-	139,684
- term loans	540,351	235,134	-	-	-	-	775,485
Dividend income	-	(16,467)	-	-	-	-	(16,467)

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2021							
to							
31.12.2021							
Audited							
Other Information (Cont'd)							
Interest income on financial assets measured at amortised cost:							
- fixed deposits with licensed banks	(92,409)	(195,476)	-	-	-	-	(287,885)
Income tax expense	3,467,900	430,932	-	96,000	3,570	-	3,998,402

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
31.12.2021							
Audited							
Assets							
Segment assets/ Consolidated total assets	98,472,903	63,653,381	2,687,638	1,358,304	58,861,466	(63,776,407)	161,257,285
Additions to non- current assets other than financial instruments							
Property, plant and equipment	12,281,928	56,972	145,352	-	377,376	-	12,861,628
Investment properties	-	-	-	-	1,054,515	-	1,054,515
Liabilities							
Segment liabilities/ Consolidated total liabilities	50,319,668	41,835,537	3,234,163	1,067,150	201,168	(7,775,816)	88,881,870

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

1.1.2022 to 31.12.2022	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
Audited							
Revenue							
External revenue	67,724,853	81,655,045	6,816,156	1,894,170	500	-	158,090,724
Inter-segment revenue	221,133	1,307,850	20,952	-	4,030,000	(5,579,935)	-
Total revenue	67,945,986	82,962,895	6,837,108	1,894,170	4,030,500	(5,579,935)	158,090,724
Results							
Segment profits	16,314,157	4,743,699	1,705,828	260,183	2,351,150	(3,427,307)	21,947,710
Finance costs	(1,838,638)	(1,341,981)	(18,276)	-	(1,653)	-	(3,200,548)
Profit before taxation	14,475,519	3,401,718	1,687,552	260,183	2,349,497	(3,427,307)	18,747,162

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2022							
to							
31.12.2022							
Audited							
<u>Other Information</u>							
Depreciation:							
- property, plant and equipment	6,301,072	867,027	354,684	105	57,806	(11,000)	7,569,694
- right-of-use assets	73,359	21,953	54,978	-	-	(58,693)	91,597
- investment properties	-	-	-	-	13,141	-	13,141
Fair value loss on other investments	-	237,971	-	-	85,500	-	323,471
Impairment losses on investment in subsidiaries	-	-	-	-	53,000	(53,000)	-
Impairment losses on trade receivables	407,605	-	-	-	-	-	407,605
Interest expense on financial liabilities that are not at fair value through profit or loss:							
- bank overdrafts	100,063	160,712	-	-	-	-	260,775
- bankers' acceptances	262,100	929,681	-	-	-	-	1,191,781
- hire purchase	546,994	11,101	3,873	-	-	-	561,968

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2022							
to							
31.12.2022							
Audited							
<u>Other Information</u>							
(Cont'd)							
Interest expense on financial liabilities that are not at fair value through profit or loss (Cont'd):							
- revolving credits	358,927	-	-	-	1,653	-	360,580
- term loans	552,909	219,830	-	-	-	-	772,739
Dividend income	-	(8,967)	-	-	-	-	(8,967)
Interest expense on lease liabilities	-	-	14,403	-	-	-	14,403
Interest income on financial assets measured at amortised cost:							
- fixed deposits with licensed banks	(105,440)	(205,604)	-	-	-	-	(311,044)
Income tax expense	3,828,072	1,118,120	20	63,416	26	-	5,009,654

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
31.12.2022							
Audited							
Assets							
Segment assets/ Consolidated total assets	104,861,390	66,900,872	4,846,537	1,506,420	67,232,065	(67,137,978)	178,209,306
<u>Additions to non-current assets other than financial instruments</u>							
Property, plant and equipment	13,578,705	57,285	1,105,904	6,280	899,512	(60,000)	15,587,686
Investment properties	-	-	-	-	518,988	-	518,988
Right-of-use assets	220,874	-	439,824	-	-	-	660,698
Liabilities							
Segment liabilities/ Consolidated total Liabilities	48,560,708	43,789,430	3,705,530	28,499	8,722,296	(10,457,580)	94,348,883

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2022							
to							
31.5.2022							
Unaudited							
Revenue							
External revenue	23,094,601	27,552,399	2,470,306	773,227	250	-	53,890,783
Inter-segment revenue	66,680	537,747	20,952	-	2,715,000	(3,340,379)	-
	23,161,281	28,090,146	2,491,258	773,227	2,715,250	(3,340,379)	53,890,783
Results							
Segment profit	4,801,847	1,533,217	744,774	80,558	2,227,141	(2,521,545)	6,865,992
Finance costs	(806,703)	(612,831)	(5,191)	-	-	-	(1,424,725)
Profit before taxation	3,995,144	920,386	739,583	80,558	2,227,141	(2,521,545)	5,441,267

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2022							
to							
31.5.2022							
Unaudited							
Other Information							
Depreciation:							
- property, plant and equipment	2,465,114	362,724	118,018	-	7,668	(4,000)	2,949,524
- right-of-use assets	30,419	9,148	12,217	-	-	(24,455)	27,329
- investment properties	-	-	-	-	5,344	-	5,344
Interest expense on financial liabilities that are not at fair value through profit or loss:							
- bank overdrafts	21,801	60,418	-	-	-	-	82,219
- bankers' acceptances	159,075	425,928	-	-	-	-	585,003
- hire purchase	246,439	5,791	1,847	-	-	-	254,077
- revolving credits	127,763	-	-	-	-	-	127,763
- term loans	242,534	113,937	-	-	-	-	356,471
Dividend income	-	(7,875)	-	-	-	-	(7,875)

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2022							
to							
31.5.2022							
Unaudited							
Other Information (Cont'd)							
Interest expense on lease liabilities	-	-	3,344	-	-	-	3,344
Interest income on financial assets measured at amortised cost: - fixed deposits with licensed banks	(49,604)	(97,856)	-	-	-	-	(147,460)
Income tax expense	954,000	278,000	-	20,000	-	-	1,252,000

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2023							
to							
31.5.2023							
Audited							
Revenue							
External revenue	21,139,041	37,523,404	2,843,451	1,074,671	-	-	62,580,567
Inter-segment revenue	7,017	442,524	-	-	225,000	(674,541)	-
	21,146,058	37,965,928	2,843,451	1,074,671	225,000	(674,541)	62,580,567
Results							
Segment profits/(loss)	2,308,523	2,498,372	414,724	277,766	(405,872)	29,455	5,122,968
Finance costs	(992,270)	(699,094)	(13,717)	-	(1,850)	-	(1,706,931)
Profit/(loss) before taxation	1,316,253	1,799,278	401,007	277,766	(407,722)	29,455	3,416,037

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2023							
to							
31.5.2023							
Audited							
<u>Other Information</u>							
Depreciation:							
- property, plant and equipment	3,291,798	376,284	174,149	261	35,901	(5,000)	3,873,393
- right-of-use assets	30,671	9,147	30,543	-	-	(24,455)	45,906
- investment properties	-	-	-	-	7,229	-	7,229
Interest expense on financial liabilities that are not at fair value through profit or loss:							
- bank overdrafts	56,506	74,842	-	-	-	-	131,348
- bankers' acceptances	146,343	521,559	-	-	-	-	667,902
- hire purchase	302,437	9,624	6,446	-	-	-	318,507
- revolving credits	260,529	-	-	-	1,850	-	262,379
- term loans	220,341	87,020	-	-	-	-	307,361

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
1.1.2023							
to							
31.5.2023							
Audited							
<u>Other Information</u>							
(Cont'd)							
Interest expense on lease liabilities	-	-	7,271	-	-	-	7,271
Gain on disposal of property, plant and equipment	(42,333)	(31,500)	-	-	-	-	(73,833)
Interest income on financial assets measured at amortised cost:							
- fixed deposits with licensed banks	(52,434)	(104,988)	-	-	-	-	(157,422)
Income tax expense	(35,083)	539,000	-	70,300	-	-	574,217

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
31.5.2023							
Audited							
Assets							
Segment assets/ Consolidated total assets	125,014,910	70,351,430	5,036,446	1,823,848	70,878,113	(72,083,975)	201,020,772
<u>Additions to non- current assets other than financial instruments</u>							
Property, plant and equipment	21,013,227	787,344	(4,714)	3,400	215,496	-	22,014,753
Investment properties	-	-	-	-	368,516	-	368,516

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Construction Method Engineering Solutions RM	Trading and Distribution of Building Materials RM	Digital Design and Engineering Solutions RM	Prefabricated Construction Solutions RM	All Other Segments RM	Consolidation Adjustments RM	The Group RM
31.5.2023							
Audited							
Liabilities							
Segment liabilities/ Consolidated total liabilities	67,362,892	45,979,710	3,494,432	138,461	12,776,066	(15,433,032)	114,318,529

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

The information on the disaggregation of revenue based on geographical region is summarised below:-

	< -- Financial Year Ended 31 December -- >			1.1.2022	1.1.2023
	2020	2021	2022	to 31.5.2022	to 31.5.2023
The Group	Audited RM	Audited RM	Audited RM	Unaudited RM	Audited RM
Malaysia	112,694,547	112,172,121	156,438,913	53,818,550	60,747,021
Cambodia	81,241	271,616	-	-	-
Singapore	790,972	137,874	72,233	72,233	-
Thailand	-	-	1,579,578	-	1,833,546
Others	225,050	130,411	-	-	-
	<u>113,791,810</u>	<u>112,712,022</u>	<u>158,090,724</u>	<u>53,890,783</u>	<u>62,580,567</u>

The Group

	At A Point in Time RM	Over Time RM	Total RM
1.1.2020 to 31.12.2020			
Audited			
Malaysia	91,868,826	20,825,721	112,694,547
Cambodia	81,241	-	81,241
Singapore	26,802	764,170	790,972
Others	225,050	-	225,050
	<u>92,201,919</u>	<u>21,589,891</u>	<u>113,791,810</u>
1.1.2021 to 31.12.2021			
Audited			
Malaysia	92,179,240	19,992,881	112,172,121
Cambodia	271,616	-	271,616
Singapore	-	137,874	137,874
Others	130,411	-	130,411
	<u>92,581,267</u>	<u>20,130,755</u>	<u>112,712,022</u>

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. OPERATING SEGMENTS (CONT'D)****35.2 GEOGRAPHICAL INFORMATION (CONT'D)**

The information on the disaggregation of revenue based on geographical region is summarised below (Cont'd):-

	At A Point in Time RM	Over Time RM	Total RM
1.1.2022 to 31.12.2022			
Audited			
Malaysia	128,229,601	28,209,312	156,438,913
Singapore	-	72,233	72,233
Thailand	1,579,578	-	1,579,578
	<u>129,809,179</u>	<u>28,281,545</u>	<u>158,090,724</u>
1.1.2022 to 31.5.2022			
Unaudited			
Malaysia	42,532,496	11,286,054	53,818,550
Singapore	-	72,233	72,233
	<u>42,532,496</u>	<u>11,358,287</u>	<u>53,890,783</u>
1.1.2023 to 31.5.2023			
Audited			
Malaysia	42,241,401	18,505,620	60,747,021
Thailand	1,833,546	-	1,833,546
	<u>44,074,947</u>	<u>18,505,620</u>	<u>62,580,567</u>

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.3 MAJOR CUSTOMERS

The was only 1 major customer with revenue equal to or more than 10% of the Group's total revenue.

	Revenue RM	Segment
Audited		
1.1.2022 to 31.12.2022		
Customer 1	16,327,760	Construction Method Engineering Solutions and Trading and Distribution of Building Materials
Audited		
1.1.2023 to 31.5.2023		
Customer 1	8,966,240	Construction Method Engineering Solutions and Trading and Distribution of Building Materials

36. CAPITAL COMMITMENTS

	< - Financial Year Ended 31 December - >			1.1.2023 to 31.5.2023
	2020 Audited RM	2021 Audited RM	2022 Audited RM	Audited RM
Purchase of investment properties	1,549,940	1,204,165	716,531	824,014
Purchase of property, plant and equipment	-	-	12,787,457	10,277,265
Construction of building	21,531,960	21,780,190	21,346,280	21,280,560
	<u>23,081,900</u>	<u>22,984,355</u>	<u>34,850,268</u>	<u>32,381,839</u>

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****37. FINANCIAL INSTRUMENTS**

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

37.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk**(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The currencies giving rise to this risk are primarily China Yuan Renminbi ("CNY") 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 (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

	CNY RM	USD RM	Total RM
31.12.2020			
Audited			
<u>Financial Asset</u>			
Cash and bank balances	12,982	335,482	348,464
<u>Financial Liability</u>			
Trade payables	(861,266)	(37,358)	(898,624)
Net Financial (Liability)/Asset/ Currency Exposure	(848,284)	298,124	(550,160)

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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

	CNY RM	USD RM	Total RM
31.12.2021			
Audited			
<u>Financial Assets</u>			
Cash and bank balances	8,788	247,990	256,778
Other receivables	18,801	-	18,801
	27,589	247,990	275,579
<u>Financial Liability</u>			
Trade payables	(992,051)	-	(992,051)
Net Financial (Liability)/Asset/ Currency Exposure	(964,462)	247,990	(716,472)
31.12.2022			
Audited			
<u>Financial Asset</u>			
Cash and bank balances	368,203	848,724	1,216,927
<u>Financial Liability</u>			
Trade payables	(462,345)	(44,047)	(506,392)
Net Financial (Liability)/Asset/ Currency Exposure	(94,142)	804,677	710,535

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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

	CNY RM	USD RM	Total RM
31.5.2023			
Audited			
<u>Financial Asset</u>			
Cash and bank balances	20,537	121,240	141,777
<u>Financial Liability</u>			
Trade payables	(672,966)	(197,180)	(870,146)
Net Financial Liability/Currency Exposure	(652,429)	(75,940)	(728,369)

Foreign Currency Risk Sensitivity Analysis

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

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
Effects on Profit After Taxation/Other Comprehensive Income				
CNY/RM				
- strengthened by 10%	(84,828)	(96,446)	(9,414)	(65,243)
- weakened by 10%	84,828	96,446	9,414	65,243
USD/RM				
- strengthened by 10%	29,812	24,799	80,468	(7,594)
- weakened by 10%	(29,812)	(24,799)	(80,468)	7,594

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****37. FINANCIAL INSTRUMENTS (CONT'D)****37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(ii) Interest Rate Risk**

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

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

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period are disclosed in Notes 18 and 24 to the consolidated financial statements.

Interest Rate Risk Sensitivity Analysis

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

	31.12.2020	31.12.2021	31.12.2022	31.5.2023
	Audited	Audited	Audited	Audited
	RM	RM	RM	RM
Effects on Profit After Taxation/Other Comprehensive Income				
Increase of 100 basis points	(226,450)	(181,770)	(169,637)	(159,231)
Decrease of 100 basis points	226,450	181,770	169,637	159,231

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****37. FINANCIAL INSTRUMENTS (CONT'D)****37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(iii) Equity Price Risk**

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity Price Risk Sensitivity Analysis

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

	31.12.2020	31.12.2021	31.12.2022	31.5.2023
	Audited	Audited	Audited	Audited
	RM	RM	RM	RM
Effects on Profit After Taxation/Equity				
Increase of 10%	72,968	56,869	39,522	39,522
Decrease of 10%	(72,968)	(56,869)	(39,522)	(39,522)

(b) Credit Risk

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

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (31.12.2022 - 1, 31.12.2021 - Nil, 31.12.2020 - Nil) customer which constituted approximately 11% (31.12.2022 - 15%, 31.12.2021 - Nil, 31.12.2020 - Nil) of its trade receivables at the end of the reporting period.

(ii) Maximum Exposure to Credit Risk

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

In addition, the Group's maximum exposure to credit risk also includes corporate guarantees provided to a related party of RM Nil (31.12.2022 - RM Nil, 31.12.2021 - RM1,987,686, 31.12.2020 - RM2,088,833), representing the outstanding banking facilities of a related party as at the end of the reporting period.

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

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

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when the receivable is in significant financial difficulties.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 365 days past due.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due.

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

The expected loss rates are based on the payment profiles of sales over 12 (31.12.2022 - 12, 31.12.2021 - 12, 31.12.2020 - 12) months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts.

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

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables (Cont'd)

Allowance for Impairment Losses

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
31.12.2020				
Audited				
Current (not past due)	17,757,777	-	-	17,757,777
1 to 30 days past due	12,947,080	-	-	12,947,080
31 to 60 days past due	7,599,960	-	-	7,599,960
61 to 90 days past due	1,389,537	-	-	1,389,537
Over 90 days past due	9,490,697	-	-	9,490,697
Credit impaired	3,381,327	(3,381,327)	-	-
Trade receivables	52,566,378	(3,381,327)	-	49,185,051
Retention sums	102,813	-	-	102,813
	52,669,191	(3,381,327)	-	49,287,864
31.12.2021				
Audited				
Current (not past due)	18,736,795	-	-	18,736,795
1 to 30 days past due	14,199,661	-	-	14,199,661
31 to 60 days past due	3,756,836	-	-	3,756,836
61 to 90 days past due	2,182,656	-	-	2,182,656
Over 90 days past due	9,024,592	-	(262,748)	8,761,844
Credit impaired	7,701,226	(3,799,188)	-	3,902,038
Trade receivables	55,601,766	(3,799,188)	(262,748)	51,539,830
Retention sums	42,099	-	-	42,099
	55,643,865	(3,799,188)	(262,748)	51,581,929

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****37. FINANCIAL INSTRUMENTS (CONT'D)**

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables (Cont'd)Allowance for Impairment Losses (Cont'd)

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
31.12.2022				
Audited				
Current (not past due)	27,231,659	-	-	27,231,659
1 to 30 days past due	10,045,886	-	-	10,045,886
31 to 60 days past due	10,680,704	-	-	10,680,704
61 to 90 days past due	4,778,822	-	-	4,778,822
Over 90 days past due	4,984,587	-	(262,748)	4,721,839
Credit impaired	1,901,003	(554,232)	-	1,346,771
Trade receivables	59,622,661	(554,232)	(262,748)	58,805,681
Retention sums	125,181	-	-	125,181
	59,747,842	(554,232)	(262,748)	58,930,862
31.5.2023				
Audited				
Current (not past due)	24,050,314	-	-	24,050,314
1 to 30 days past due	11,538,348	-	-	11,538,348
31 to 60 days past due	9,596,771	-	-	9,596,771
61 to 90 days past due	5,483,289	-	-	5,483,289
Over 90 days past due	13,245,609	-	(262,748)	12,982,861
Credit impaired	554,232	(554,232)	-	-
Trade receivables	64,468,563	(554,232)	(262,748)	63,651,583
Retention sums	147,720	-	-	147,720
	64,616,283	(554,232)	(262,748)	63,799,303

The movements in the loss allowances in respect of trade receivables is disclosed in Note 10 to the consolidated financial statements.

14. ACCOUNTANTS REPORT *(cont'd)*

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9. The identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

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

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

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

Maturity Analysis

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

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within		
			1 Year RM	1 - 5 Years RM	Over 5 years RM
31.12.2020					
Audited					
<u>Non-derivative Financial Liabilities</u>					
Hire purchase payables	8,496,884	8,939,302	6,437,776	2,501,526	-
Term loans	18,820,451	21,665,131	3,428,358	13,744,590	4,492,183
Trade payables	11,604,184	11,604,184	11,604,184	-	-
Other payables and accruals	2,380,089	2,380,089	2,380,089	-	-
Amount owing to a director	3,000	3,000	3,000	-	-
Bank overdrafts	4,824,519	4,824,519	4,824,519	-	-
Bankers' acceptances	31,096,000	31,096,000	31,096,000	-	-
Revolving credits	7,310,107	7,310,107	7,310,107	-	-
Financial guarantee contracts in relation to corporate guarantee given to a related party	-	2,088,833	2,088,833	-	-
	84,535,234	89,911,165	69,172,866	16,246,116	4,492,183

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

31.12.2021

Audited

Non-derivative Financial Liabilities

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 years RM
Hire purchase payables	10,162,336	10,913,303	6,207,717	4,705,586	-
Term loans	17,252,069	19,884,717	3,533,153	13,453,181	2,898,383
Trade payables	8,330,706	8,330,706	8,330,706	-	-
Other payables and accruals	3,366,403	3,366,403	3,366,403	-	-
Amount owing to a director	3,000	3,000	3,000	-	-
Bank overdrafts	1,890,669	1,890,669	1,890,669	-	-
Bankers' acceptances	30,277,000	30,277,000	30,277,000	-	-
Revolving credits	7,540,592	7,540,592	7,540,592	-	-
Financial guarantee contracts in relation to corporate guarantee given to a related party	-	1,987,686	1,987,686	-	-
	78,822,775	84,194,076	63,136,926	18,158,767	2,898,383

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 years RM
31.12.2022					
Audited					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	391,227	441,000	84,000	336,000	21,000
Hire purchase payables	9,640,822	10,279,914	5,964,931	4,314,983	-
Term loans	14,658,937	16,919,680	3,562,107	10,659,842	2,697,731
Trade payables	15,874,324	15,874,324	15,874,324	-	-
Other payables and accruals	5,065,158	5,065,158	5,065,158	-	-
Bank overdrafts	3,108,535	3,108,535	3,108,535	-	-
Bankers' acceptances	25,717,000	25,717,000	25,717,000	-	-
Revolving credits	9,176,858	9,176,858	9,176,858	-	-
	83,632,861	86,582,469	68,552,913	15,310,825	2,718,731

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 years RM
31.5.2023					
Audited					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	363,498	406,000	84,000	322,000	-
Hire purchase payables	16,870,813	18,220,995	8,029,237	10,191,758	-
Term loans	13,631,075	15,719,317	3,525,798	9,697,709	2,495,810
Trade payables	14,571,809	14,571,809	14,571,809	-	-
Other payables and accruals	4,650,344	4,650,344	4,650,344	-	-
Bank overdrafts	3,013,830	3,013,830	3,013,830	-	-
Bankers' acceptances	34,108,357	34,108,357	34,108,357	-	-
Revolving credits	12,499,034	12,499,034	12,499,034	-	-
	99,708,760	103,189,686	80,482,409	20,211,467	2,495,810

The contractual undiscounted cash flows represent the outstanding credit facilities of related party at the end of the reporting period.

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 CAPITAL RISK MANAGEMENT**

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

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and bank balances and fixed deposits with licensed banks. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
Lease liabilities	-	-	391,227	363,498
Hire purchase payables	8,496,884	10,162,336	9,640,822	16,870,813
Term loans	18,820,451	17,252,069	14,658,937	13,631,075
Bank overdrafts	4,824,519	1,890,669	3,108,535	3,013,830
Bankers' acceptances	31,096,000	30,277,000	25,717,000	34,108,357
Revolving credits	7,310,107	7,540,592	9,176,858	12,499,034
	<u>70,547,961</u>	<u>67,122,666</u>	<u>62,693,379</u>	<u>80,486,607</u>
Less: Cash and bank balances	(1,241,693)	(1,782,730)	(3,482,723)	(2,255,368)
Less: Fixed deposits with licensed banks	(17,868,950)	(18,820,060)	(19,839,913)	(20,287,335)
Net debt	<u>51,437,318</u>	<u>46,519,876</u>	<u>39,370,743</u>	<u>57,943,904</u>
Total equity attributable to owners of the Company	<u>61,534,820</u>	<u>72,302,626</u>	<u>83,490,942</u>	<u>86,280,895</u>
Debt-to-equity ratio	<u>0.84</u>	<u>0.64</u>	<u>0.47</u>	<u>0.67</u>

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

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****37. FINANCIAL INSTRUMENTS (CONT'D)****37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	31.12.2020 Audited RM	31.12.2021 Audited RM	31.12.2022 Audited RM	31.5.2023 Audited RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Quoted shares	729,675	568,692	395,221	395,221
<u>Amortised Cost</u>				
Trade receivables	49,185,051	51,539,830	58,805,681	63,651,583
Other receivables	3,298,597	1,457,127	1,529,773	1,373,792
Fixed deposits with licensed banks	17,868,950	18,820,060	19,839,913	20,287,335
Cash and bank balances	1,241,693	1,782,730	3,482,723	2,255,368
	<u>71,594,291</u>	<u>73,599,747</u>	<u>83,658,090</u>	<u>87,568,078</u>
Financial Liability				
<u>Amortised Cost</u>				
Hire purchase payables	8,496,884	10,162,336	9,640,822	16,870,813
Term loans	18,820,451	17,252,069	14,658,937	13,631,075
Trade payables	11,604,184	8,330,706	15,874,324	14,571,809
Other payables and accruals	2,380,089	3,366,403	5,065,158	4,650,344
Amount owing to a director	3,000	3,000	-	-
Bank overdrafts	4,824,519	1,890,669	3,108,535	3,013,830
Bankers' acceptances	31,096,000	30,277,000	25,717,000	34,108,357
Revolving credits	7,310,107	7,540,592	9,176,858	12,499,034
	<u>84,535,234</u>	<u>78,822,775</u>	<u>83,241,634</u>	<u>99,345,262</u>

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****37. FINANCIAL INSTRUMENTS (CONT'D)****37.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS**

	< Financial Year Ended 31 December >			1.1.2022	1.1.2023
	2020	2021	2022	to	to
	Audited	Audited	Audited	31.5.2022	31.5.2023
	RM	RM	RM	Unaudited	Audited
				RM	RM
Financial Assets					
<u>Fair Value</u>					
<u>Through Profit or Loss</u>					
Net gains/ (losses) recognised in profit or loss	271,986	(171,416)	(323,471)	8,125	-
<u>Amortised Cost</u>					
Net gains/ (losses) recognised in profit or loss	85,292	(819,181)	(96,843)	147,531	138,962
Financial Liability					
<u>Amortised Cost</u>					
Net losses recognised in profit or loss	(3,586,275)	(3,023,389)	(2,874,936)	(1,227,575)	(1,695,035)

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION

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

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

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
31.12.2020								
Audited								
<u>Financial Asset</u>								
Other investment: - quoted shares	729,675	-	-	-	-	-	729,675	729,675
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	8,496,884	-	8,496,884	8,496,884
Term loans: - fixed rate - floating rate	-	-	-	-	1,018,438	-	1,018,438	1,000,000
	-	-	-	-	17,820,451	-	17,820,451	17,820,451

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION (CONT'D)

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

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
31.12.2021								
Audited								
<u>Financial Asset</u>								
Other investment: - quoted shares	568,692	-	-	-	-	-	568,692	568,692
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	10,162,336	-	10,162,336	10,162,336
Term loans: - fixed rate	-	-	-	-	954,563	-	954,563	965,762
- floating rate	-	-	-	-	16,286,307	-	16,286,307	16,286,307

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION (CONT'D)

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

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
31.12.2022								
Audited								
<u>Financial Asset</u>								
Other investment: - quoted shares	395,221	-	-	-	-	-	395,221	395,221
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	9,640,822	-	9,640,822	9,640,822
Term loans: - fixed rate - floating rate	-	-	-	-	786,196	-	786,196	803,750
	-	-	-	-	13,855,187	-	13,855,187	13,855,187

14. ACCOUNTANTS' REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION (CONT'D)

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

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
31.5.2023								
Audited								
<u>Financial Asset</u>								
Other investment: - quoted shares	395,221	-	-	-	-	-	395,221	395,221
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	16,870,813	-	16,870,813	16,870,813
Term loans: - fixed rate	-	-	-	-	705,466	-	705,466	721,823
- floating rate	-	-	-	-	12,909,252	-	12,909,252	12,909,252

14. ACCOUNTANTS REPORT (cont'd)**PLYTEC HOLDING BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****37. FINANCIAL INSTRUMENTS (CONT'D)**

37.5 FAIR VALUE INFORMATION (CONT'D)

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

The fair value of quoted equity investments is determined at their quoted closing bid prices at the end of the reporting period.

There were no transfer between level 1 and level 2 during the financial year/period.

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

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

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

<u>Audited</u>	Hire purchase payables %	Term loan (fixed rate) %
31.12.2020	2.29 - 3.85	3.00
31.12.2021	2.29 - 3.79	3.00
31.12.2022	2.18 - 3.50	3.00
31.5.2023	2.18 - 3.60	3.00

14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. COMPARATIVE FIGURES

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

As at 31 December 2020

	As Previously Reported RM	As Restated RM
Consolidated Statements of Financial Position (Extract):-		
Property, plant and equipment	55,577,397	70,733,080
Investment properties	-	281,800
Right-of-use assets	18,014,929	2,577,446
Lease liabilities	8,496,884	-
Hire purchase payables	-	8,496,884
	<hr/>	<hr/>
Consolidated Statements of Comprehensive Income and Other Comprehensive Income (Extract):-		
Selling and distribution expenses	(316,898)	(1,229,573)
Administrative expenses	(13,260,784)	(12,348,109)
	<hr/>	<hr/>
Consolidated Statements of Cash Flows (Extract):-		
Net cash from operating activities	28,842,866	28,405,172
Net cash for investing activities	(9,497,595)	(9,059,901)
	<hr/>	<hr/>

As at 31 December 2021

	As Previously Reported RM	As Restated RM
Consolidated Statements of Financial Position (Extract):-		
Property, plant and equipment	55,519,438	69,695,212
Right-of-use assets	16,736,959	2,561,185
Lease liabilities	10,162,336	-
Hire purchase payables	-	10,162,336
	<hr/>	<hr/>

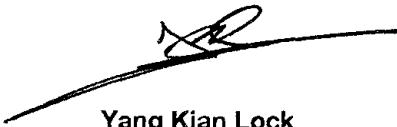
14. ACCOUNTANTS REPORT (cont'd)

PLYTEC HOLDING BERHAD

STATEMENT BY DIRECTORS

We, Yang Kian Lock and Louis Tay Chee Siong, being two of the directors of PLYTEC Holding Berhad, state that, in the opinion of the directors, the consolidated financial statements set out on pages 4 to 122 are drawn up so as to give a true and fair view of the financial position of the Group as of 31 December 2020, 31 December 2021, 31 December 2022 and 31 May 2023 and of their financial performance and cash flows for the financial year/period ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 May 2023 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Issued by the Securities Commission Malaysia.

Signed in accordance with a resolution of the directors dated **27 SEP 2023**



Yang Kian Lock



Louis Tay Chee Siong

15. STATUTORY AND OTHER GENERAL INFORMATION

15.1 EXTRACTS 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
Act	means the Companies Act 2016 and any statutory modification, amendment or re-enactment thereof and any and every other legislation for the time being in force made thereunder and any written law for the time being in force concerning companies and affecting the Company.
Applicable Laws	means all laws, by-laws, regulation, rules, orders and/or official directions for the time being in force affecting or concerning the Company and its subsidiaries, including but not limited to the Act, the SICDA, the Listing Requirements and the Rules and every other law for the time being in force and any other directives or requirements imposed on the Company by the relevant regulatory bodies and/or authorities.
Central Depository	means Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W)) or such other names by which it may be known from time to time.
Constitution	means this Constitution as originally framed or as altered from time to time by Special Resolution.
Clause	means any provision in this Constitution.
Depositor	means a holder of a Securities Account established by the Central Depository.
Deposited Security	means a Security or Securities standing to the credit of a Securities Account and includes Securities in a Securities Account that is in suspense.
Director(s)	means the Director(s) for the time being of the Company by whatever name called and includes a person in accordance with those directions or instructions the majority Directors are accustomed to act and includes an alternate Director.
Exchange	means Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)) or such other names by which it may be known from time to time.
Listing Requirements	means the ACE Market Listing Requirements of the Exchange including any amendments to the Listing Requirements that may be made from time to time.
Member(s)	means any person(s) whose name(s) is/are entered in the Company's Register of Members including Depositors whose names appear on the Record of Depositors, including a Depositor who will be treated as if he were a member pursuant to Section 35 of the SIDCA but excluding the Depository and/or its nominee company in its capacity as a bare trustee.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Words	Meaning
Office	means the registered office for the time being of the Company.
Ordinary Resolution	means a resolution which has been passed by a simple majority of more than half of such Members who are entitled to vote and do vote in person, or where proxies are allowed, by proxy.
Record of Depositors	means the record provided by the Central Depository to the Company under Chapter 24.0 of the Rules.
Rules	means the Rules of the Central Depository including any amendment thereto that may be made from time to time.
Seal	means the Common Seal of the Company.
Security(ies)	has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 or any modification, amendment or re-enactment thereof for the time being in force made thereunder.
Share(s)	means shares in the Company.
SICDA	means the Securities Industry (Central Depositories) Act 1991, and every statutory modification, amendment or re-enactment thereof for the time being in force and includes all subsidiary legislations made thereunder.
Special Resolution	means a resolution of which a notice of not less than twenty-one (21) days has been given and which has been passed by a majority of not less than seventy-five per centum (75%) of such Members who are entitled to vote and do vote in person, or where proxies are allowed, by proxy.

15.1.1 Changes to share capital and variation of class rights

Clause 15.1 – Company may alter its capital in certain ways

“Subject to the Applicable Laws, the Company may from time to time by Ordinary Resolution:

- (a) consolidate and divide all or any of its share capital into Shares of larger amount than its existing shares;
- (b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividends, return of capital, voting or otherwise over the others or any other of such shares;
- (c) cancel Shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;
- (d) convert all or any of its issued Shares into stock and reconvert that stock into paid up Shares; and
- (e) subject to the provisions of this Constitution and the Act, convert and/or re-classify any class of Shares into any other class of Shares.”

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**Clause 15.2 – Power to reduce capital**

“The Company may by Special Resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.”

Clause 15.3 – Purchase of own Shares

“Subject to the provisions of the Act and/or the Applicable Laws, the Company may, with the sanction of an Ordinary Resolution of the Members in meeting of Members, purchase its own Shares and make payment in respect of the purchase and/or give financial assistance to any person for the purpose of purchasing its own Shares on such date(s), terms and manner as may be determined from time to time by the Directors. Any Shares in the Company so purchased by the Company shall be dealt with in accordance with the Act and/or the Applicable Laws. The provision of Clauses 15.1 and 15.2 hereof shall not affect the power of the Company to cancel any Shares or reduce its share capital pursuant to any exercise of the Company's power under this Clause.”

Clause 16.1 – Increase of share capital

“The Company may from time to time, whether all the Shares for the time being issued shall have been fully called up or not, 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 dividend, return of capital, voting or otherwise, as the Company by the resolution authorising such increase may direct.”

Clause 17 – Variation on rights

“If at any time 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 the Shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of seventy-five per centum (75%) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class. To every such separate meeting the provisions of this Constitution relating to meeting of Members shall mutatis mutandis apply so that the necessary quorum shall be two (2) Members at least holding or represented by proxy at least one-third (1/3) of the issued shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.”

15.1.2 Transfer of securities**Clause 11.1 – Transfer in writing and to be left at the Office**

“For the purpose of registration of a transfer of Shares that are not Deposited Securities, every instrument of transfer which is executed in accordance with the Applicable Laws, shall be left at the Office together with such fee not exceeding RM3.00 or as the Directors may determine, where a share certificate has been issued for the Share to be transferred, the certificate of the Shares and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the Shares, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as the Member within thirty (30) days from receipt of such duly executed and stamped instrument of transfer.”

Clause 11.2 – Transfer of Securities

“The transfer of any Deposited Security shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Securities.”

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Clause 11.5 Directors may refuse registration of transfer

“Subject to the provisions of the Act, the SICDA, the Listing Requirements and the Rules, the Directors may, in their discretion and without assigning any reason therefor, refuse to register, the transfer of any Share, not being a fully paid share, and whether or not the Company claims lien on the same.”

Clause 11.6 – Closing of registration of transfers

“The registration of transfers may be closed at such times and for such periods as the Directors may from time to time determine but not exceeding in the whole thirty (30) days in any calendar year. Notice of such closure or suspension shall within such period as may from time to time be permitted by the Act and/or the Exchange and be given to the Exchange, stating the period or periods and the purpose or purposes of such closure or suspension.

In relation to the closure, the Company shall give written notice in accordance with the SICDA and the Rules to enable the Central Depository to issue the relevant appropriate Record of Depositors.”

Clause 11.7 – Limitation of liability

“Neither the Company nor the Directors nor any of its officers shall incur any liability for authorising or causing the 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 the Company or the Directors or other officers be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although transferred, the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that, the 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 the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.”

15.1.3 Remuneration, voting and borrowing powers of Directors

Clause 21.4 – Remuneration

“The Directors shall be paid by way of remuneration for their services such fixed sum as shall from time to time be determined by the Company in meeting of Members, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive Directors may not include a commission on or percentage of profits or turnover;
- (c) fees payable to Directors and any benefits payable to Directors shall be subject to annual shareholder's approval by an Ordinary Resolution at a meeting of Members; and
- (d) 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.”

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Clause 21.5 – Reimbursement

“In addition to the remuneration provided under Clause 21.4, each Director shall be paid such reasonable travelling, hotel and other expenses as he shall incur in attending and returning from meetings of the Directors or any committee of the Directors or meeting of Members of which they may otherwise incur in connection with the business of the Company.”

Clause 22.3 – Remuneration of Managing Director

“The remuneration of a Managing Director shall be fixed by the Directors, and may be by way of fixed salary or commission or participation in profits or by any or all of those modes, but shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.”

Clause 23.1 – Powers and duties of Directors

“The business and affairs of the Company shall be managed by, or under the direction of the Directors who may pay all such expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company as they think fit, and may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercised and done by the Company, and as are not by law or by this Constitution required to be exercised or done by the Company in meeting of Members, but the exercise of all such powers shall be subject to and in accordance with the provisions of any law and of this Constitution and shall also be subject to and in accordance with any resolution made by the Company in meeting of Members, provided that no resolution so passed shall invalidate any prior act of the Directors which would have been valid if such resolution had not been made. The general powers by this Clause shall not be limited or restricted by any special authority or power given to the Directors by any other Clauses.”

Clause 23.2 – Directors’ borrowing powers

- “ (a) The Directors may from time to time at their discretion raise or borrow such sums of money as they think proper and may secure the repayment of such sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage or guarantee, charge or security on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being and borrow any money or mortgage or charge any of the Company’s or the subsidiaries’ undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any subsidiary, associated or other companies or persons. Provided that the Directors shall not issue any debt securities convertible to ordinary shares without the prior approval of the Company in meeting of members.
- (b) Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of Shares, attending and voting at meeting of members of the Company, appointment of Directors and otherwise.
- (c) If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company in its ordinary course of business, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (d) The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 352 of the Act as regards the registration of mortgages and charges therein specified or otherwise.”

Clause 23.3 – Guarantee

“The Directors may exercise all the powers of the Company to guarantee payment of money payable under contract obligations of any subsidiary company or companies with or without securities.”

Clause 23.6 – Power to execute cheques and receipts

“All cheques, promissory notes, drafts, bills of exchange, other negotiable or transferable instruments and all receipts for money paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manners the Directors shall determine by resolution from time to time.”

Clause 23.11 – Declaration of interest by a Director

“A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act. Save as by the next following paragraph of this Clause otherwise provided and subject always to the Act and/or Listing Requirements, a Director shall not vote in respect of any contract or proposed contract or arrangement in which he is directly or indirectly interested. The Directors will not be considered as interested in the following circumstances:

- (a) any arrangement for giving to him any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or
- (c) any contract by him to subscribe for or underwrite share; or debentures of the Company; or
- (d) any contract or arrangement with any other company in which he is interested only as a director or other officer or creditor of or as a shareholder in or beneficially interested in the Shares of the Company.”

Clause 24.7 – Proceedings of meeting

“A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretion by or under this Constitution vested in or exercisable by the Directors generally. Subject to this Constitution, questions arising at any meeting of the Directors shall be decided by a majority of votes of the Directors present and each Director having one (1) vote and determination by a majority of Directors shall for all purposes deemed as a decision from the Board.”

Clause 24.8 – Chairman’s casting vote

“Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a decision of the Board. Where at the meeting only two (2) Directors form the quorum and only such quorum is present at the meeting or only two (2) Directors are competent to vote on a question at issue, the chairman of the meeting shall not have a casting vote.”

15. STATUTORY AND OTHER GENERAL INFORMATION *(cont'd)*

15.2 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than six (6) months after the date of issue of this Prospectus.
- (ii) As at the LPD, our Company has only one (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, debentures, warrants, options, convertible securities or uncalled capital of our Company have been issued or proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (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 Offer Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.4.1(iii)(a) of this Prospectus and subject to our Listing as disclosed in Section 4.4.1(iv) 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.

15.3 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

Save as disclosed in Section 15.4 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.

15.4 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.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**15.5 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/Period Under Review and up to the LPD:

- (i) A stamped sale and purchase agreement dated 26 January 2021 entered into between Oasis Garden Development Sdn. Bhd. (as vendor) and SSP (as purchaser) in relation to an acquisition of a service suite known as parcel no. 1-29-17 M City, for a cash consideration of RM1,105,800. This transaction has been completed on 19 January 2022.
- (ii) A stamped sale and purchase agreement dated 18 December 2020 entered into between Binastra Sdn. Bhd. (as vendor) and SSP (as purchaser) in relation to an acquisition of an apartment known as A-40-01, Trion 2 @ KL, for a cash consideration of RM831,800. As at the LPD, this transaction has yet to be completed.
- (iii) A stamped sale and purchase agreement dated 24 June 2019 entered into between Binastra Sdn. Bhd. (as vendor) and SSP (as purchaser) in relation to an acquisition of an apartment known as B-62-07, Trion @ KL, for a cash consideration of RM911,800. This transaction has been completed on 7 July 2023.
- (iv) A stamped sale and purchase agreement dated 4 August 2021 entered into between PFWSI (as vendor) and Ong Andre and Ong Shanie (collectively referred to as the purchasers) in relation to a disposal of an apartment bearing the postal address of B-15-8, Block B, Green Residence, Jalan Sayang, 43200 Cheras, Selangor, for a cash consideration of RM650,000. This transaction has been completed on 23 December 2021.
- (v) A stamped sale and purchase agreement dated 4 December 2019 entered into between PFCSI (as vendor) and PFWSI (as purchaser) in relation to an acquisition of a parcel of leasehold land known as Puchong Land 2, for a cash consideration of RM5,300,000. This transaction has been completed on 15 March 2022.
- (vi) The Underwriting Agreement. Details of the Underwriting Agreement are set out in Section 4.9 of this Prospectus.

15.6 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, save as disclosed below, 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.

Shah Alam High Court Suit No. BA-22NCvC-2-01/2023***PLYTEC Formwork System Industries Sdn Bhd (as plaintiff) v Yeo Ping Tieng (as defendant)***

This claim pertains to an outstanding payment of RM4,866,354.24 due and owing from Biaxis (M) Sdn. Bhd. ("**Biaxis**") to PFWSI as at 20 April 2022 in relation to the rental of building materials, such as "Green Formwork Systems" and "Crosslocks".

Biaxis defaulted in payment and was subsequently wound-up pursuant to an order granted by the High Court of Penang on 20 April 2022. Pursuant to a letter of guarantee dated 26 February 2018 ("**Guarantee Letter**"), Yeo Ping Tieng ("**Guarantor**"), being a director and shareholder of Biaxis, had agreed to pay upon demand all monies due and owing by Biaxis to PFWSI.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

On 5 January 2023, PFWSI filed a writ of summons and statement of claim, both dated 5 January 2023, at the High Court of Shah Alam for recovery of the amount outstanding. PFWSI's claim against Yeo Ping Tieng relates to the following:

- (i) a total amount of RM4,866,354.24 outstanding as at 20 April 2022; and
- (ii) 1.5% monthly interest for late payment on the amount of RM3,024,086.67 from 21 April 2022 till the date of full settlement.

On 7 March 2023, PFWSI has entered a judgment in default against the Guarantor where the Guarantor is required to pay PFWSI:

- (i) a total amount of RM4,866,354.24 outstanding as at 20 April 2022;
- (ii) 1.5% monthly interest for late payment on the amount of RM3,024,086.67 from 21 April 2022 till the date of full settlement; and
- (iii) cost of RM2,072.00

("Judgment Sum")

The sealed judgment has been served on the Guarantor on 10 May 2023. In default of payment of the Judgment Sum, PFWSI may execute the judgment against the Guarantor for the recovery of the same.

15.7 PUBLIC TAKE-OVERS

During the last financial year up to the LPD, there were no:

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Group in respect of other companies' securities.

15.8 LETTERS OF CONSENT

The written consents of our Principal Adviser, Sponsor, Managing Underwriter, Joint Underwriters, Joint Placement Agents, company secretaries, Legal Advisers, Share Registrar and Issuing House listed in the Section 1 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 Statements 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.

15. STATUTORY AND OTHER GENERAL INFORMATION *(cont'd)*

15.9 RESPONSIBILITY STATEMENT

- (i) Our Directors, Promoters and Specified Shareholders 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) KAF IB as the Principal Adviser, Sponsor, Managing Underwriter, Joint Underwriter and Joint 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.

15.10 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during normal business hours for a period of six (6) months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the IMR Report as included in Section 8 of this Prospectus;
- (iii) the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as included in Section 13 of this Prospectus;
- (iv) the Accountants' Report as included in Section 14 of this Prospectus;
- (v) our material contracts as referred to in Section 15.5 of this Prospectus;
- (vi) the letters of consent as referred to in Section 15.8 of this Prospectus;
- (vii) our audited consolidated financial statements for the Financial Years/Period Under Review; and
- (viii) the audited financial statements of each of our subsidiaries for the FYEs 2020, 2021 and 2022.

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16. 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 THE ISSUING HOUSE 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*.

16.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10:00 A.M., 24 OCTOBER 2023

CLOSING OF THE APPLICATION PERIOD: 5:00 P.M., 31 OCTOBER 2023

In the event of any changes to the date or time 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.

16.2 METHODS OF APPLICATION

All Applications must accord with this Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of application and category of investors	Application method
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application.
(ii) Non-Individuals	White Application Form only.
Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.
Applications by Eligible Persons	Pink Application Form only.
Applications by selected investors	The placement agent(s) will contact the selected investors directly. They should follow the placement agent(s) instructions.

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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

16.3 ELIGIBILITY

16.3.1 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 the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this 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 100 IPO SHARES OR MULTIPLES OF 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.

AN APPLICANT WHO WISHES TO APPLY FOR IPO SHARES USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/ HER CDS ACCOUNT TO ISSUING HOUSE. THIS IS TO ENSURE THAT ISSUING HOUSE RECEIVES IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMIZE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". COMPANY, PRINCIPAL ADVISER & ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.

16.3.2 Application 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 18 years old as at the date of the application for our IPO Shares; 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 the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) you must submit Applications by using only one of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

16.3.3 Application by the Eligible Persons

The Eligible Persons who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

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, the Issuing House, KAF IB, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

16.4 APPLICATION BY WAY OF AN APPLICATION FORM

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 this 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 RM0.35 for each IPO Share.

Payment must be made out in favour of “**MIH SHARE ISSUE ACCOUNT NO. 632**” 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 of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn. Bhd.
(Registration Number: 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

- (ii) **DELIVERED BY HAND AND DEPOSITED** 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 31 October 2023 or by such other time and date specified in any change to the date or time for closing.

We, together with our Issuing House, 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 Form to the Issuing House.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

16.5 APPLICATION BY WAY OF AN ELECTRONIC SHARE APPLICATION

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, MBB, Public Bank Berhad and RHB Bank Berhad (at selected branches only). 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 Electronic Participating Financial Institutions.

16.6 APPLICATION BY WAY OF AN INTERNET SHARE APPLICATION

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, CGS-CIMB Securities Sdn. Bhd., MBB and Public 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.

16.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE

The Issuing House, 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
- (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 16.9 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 the Issuing House at any time within fourteen (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.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**16.8 OVER/UNDER-SUBSCRIPTION**

In the event of over-subscription, the Issuing House 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 shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website www.mih.com.my within one (1) business day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% 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 our Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all 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 4.4.4 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Joint Underwriters based on the terms of the Underwriting Agreement.

16.9 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:

16.9.1 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 ten (10) Market Days from the date of the final ballot at your own risk.
- (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 the Issuing House as per items (i) and (ii) above (as the case may be).

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten (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 ordinary/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).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (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 Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from the Issuing House.
- (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 the Issuing House 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 ten (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 Institution will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from the Issuing House.

16.10 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 Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (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 this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Depository Rules.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our 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.

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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

16.11 ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

Mode of Application	Parties to direct the enquiries
Application Forms	Issuing House at telephone no. 03 - 7890 4700
Electronic Share Applications	Participating Financial Institution
Internet Share Applications	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of shares derived from successful balloting will be made available to the public at our Issuing House website <https://www.mih.com.my>, one (1) Market Day after the balloting date.

You may also check the status of your Application five (5) Market Days after the balloting date or by calling your respective ADA 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 this Prospectus on the website of Bursa Securities.

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