

12. FINANCIAL INFORMATION (CONT'D)

12.10 REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



05 FEB 2024

Crowe Malaysia PLT201906000005 (LLP0018817-LCA) & AF 1018
Chartered AccountantsLevel 16, Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
MalaysiaMain +6 03 2788 9999
Fax +6 03 2788 9998

www.crowe.my

**The Board of Directors
Alpha IVF Group Berhad**G01, Ground Floor
Encorp Strand Mall
Jalan PJU 5/22, Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Dear Sirs/Madam,

**ALPHA IVF GROUP BERHAD (“ALPHA IVF” OR “THE COMPANY”)
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION INCLUDED IN A PROSPECTUS**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Alpha IVF and its subsidiaries (collectively known as “the Group”) as at 31 October 2023 together with the accompanying notes thereon (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 have been prepared for inclusion in the Prospectus in connection with the listing and quotation of the entire enlarged issued share capital in Alpha IVF on the ACE Market of Bursa Malaysia Securities Berhad (“the Listing”).

The application criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Consolidated Statements of Financial Position are described in the notes thereon to the Pro Forma Consolidated Statements of Financial Position. The Pro Forma Consolidated Statements of Financial Position are prepared in accordance with the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia (“Prospectus Guidelines”) and the Guidance Note for issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants (“Guidance Note”).

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

12. FINANCIAL INFORMATION (CONT'D)



THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is 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 requirements 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 have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in notes thereon to the Pro Forma 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 Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards as 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 as described in 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.

The purpose of 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.

12. FINANCIAL INFORMATION (CONT'D)**REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)**

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma 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 reflect 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 have 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, Pro Forma Consolidated Statements of Financial Position of the Group have been compiled, in all material respects, on the basis as described in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

This letter has been prepared solely for the purpose stated above, 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

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

Kuala Lumpur

Elvina Tay Choon Choon
03329/10/2025 J
Chartered Accountant

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)

ALPHA IVF GROUP BERHAD

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



APPENDIX A

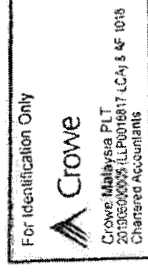
	Audited	Pro Forma I	Pro Forma II	Pro Forma III
	As At 31.10.2023 RM	After Adjustment for Material Subsequent Event RM	After Pro Forma I and Public Issue RM	After Pro Forma II and Utilisation of Proceeds RM
ASSETS				
NON-CURRENT ASSETS				
Equipment	5,236,324	5,236,324	5,236,324	5,236,324
Right-of-use assets	17,077,776	17,077,776	17,077,776	17,077,776
Goodwill	8,931,239	8,931,239	8,931,239	8,931,239
Deferred tax assets	2,058,914	2,058,914	2,058,914	2,058,914
	33,304,253	33,304,253	33,304,253	33,304,253
CURRENT ASSETS				
Inventories	2,685,841	2,685,841	2,685,841	2,685,841
Trade receivables	1,645,406	1,645,406	1,645,406	1,645,406
Other receivables, deposits and prepayments	2,375,646	2,375,646	2,375,646	2,267,758
Short-term investments	29,232,292	29,232,292	29,232,292	29,232,292
Fixed deposits with a licensed bank	5,280,735	5,280,735	5,280,735	5,280,735
Cash and bank balances	30,569,116	7,860,103	124,500,103	119,738,603
	71,789,036	49,080,023	165,720,023	160,850,635
	105,093,289	82,384,276	199,024,276	194,154,888
TOTAL ASSETS				

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)

ALPHA IVF GROUP BERHAD

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



APPENDIX A

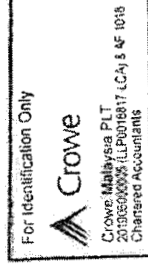
	Note	Audited As At 31.10.2023 RM	Adjustment for Material Subsequent Event RM	Adjustment for Material Subsequent Event RM	Pro Forma I After Public Issue RM	Pro Forma II After Pro Forma I and Public Issue RM	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM
EQUITY AND LIABILITIES							
EQUITY							
Share capital	7.3	5,528,251	-	5,528,251	116,640,000	122,168,251	119,725,963
Retained profits	7.4	34,323,669	(21,982,995)	12,340,674	-	12,340,674	9,913,574
Reorganisation reserve		22,499,105	-	22,499,105	-	22,499,105	22,499,105
Foreign exchange translation reserve		591,882	-	591,882	-	591,882	591,882
Equity attributable to owners of the Company		62,942,907	-	40,959,912	-	157,599,912	152,730,524
Non-controlling interests	7.5	2,494,429	(726,018)	1,768,411	-	1,768,411	1,768,411
TOTAL EQUITY		65,437,336		42,728,323		159,368,323	154,498,935
NON-CURRENT LIABILITIES							
Lease liabilities		15,372,966	-	15,372,966	-	15,372,966	15,372,966
Deferred tax liabilities		79,528	-	79,528	-	79,528	79,528
Provision for restoration costs		1,076,355	-	1,076,355	-	1,076,355	1,076,355
		16,528,849		16,528,849		16,528,849	16,528,849

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)

ALPHA IVF GROUP BERHAD

APPENDIX A

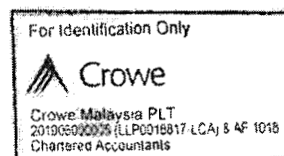


PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023 (CONT'D)

	Audited	Pro Forma I	Pro Forma II	Pro Forma III
	As At 31.10.2023 RM	Adjustment for Material Subsequent Event RM	Adjustment for Material Event Subsequent Event RM	After Pro Forma I and Public Issue RM
	Note		After Adjustment for Material Event Subsequent Event RM	After Pro Forma II and Utilisation of Proceeds RM
CURRENT LIABILITIES				
Trade payables		-	2,792,724	2,792,724
Other payables and accruals		-	4,969,410	4,969,410
Contract liabilities		-	5,462,021	5,462,021
Amount owing to directors		-	49,278	49,278
Lease liabilities		-	2,629,608	2,629,608
Dividend payable		-	1,228,875	1,228,875
Current tax liabilities		-	5,995,188	5,995,188
			23,127,104	23,127,104
TOTAL LIABILITIES			39,655,953	39,655,953
TOTAL EQUITY AND LIABILITIES			105,093,289	194,154,888
Number of ordinary shares	7.3	-	4,495,500,000	4,860,000,000
Net assets per ordinary share (RM)			0.0140	0.0314

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)



APPENDIX A

ALPHA IVF GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023

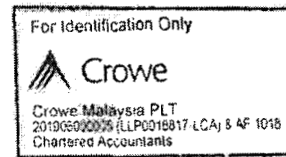
1. ABBREVIATIONS

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

Alpha IVF or the Company	:	Alpha IVF Group Berhad (Registration No: 202101005100 (1405399 - X))
Alpha IVF Group or the Group	:	Alpha IVF and its subsidiaries, collectively
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998 - W))
Eligible Persons	:	Collectively, the Directors, employees and persons who have contributed to the success of the Group who are eligible to participate in the Retail Offering
Institutional Offering	:	Institutional offering of 1,239,300,000 IPO Shares comprising: <ul style="list-style-type: none"> (i) 607,500,000 Offer Shares made available to identified Bumiputera investors approved by MITI; and (ii) 631,800,000 IPO Shares made available to institutional and selected investors, at the IPO Price, subject to the clawback and reallocation provisions
IPO	:	Initial public offering comprising the Public Issue and Offer for Sale, collectively
IPO Price	:	RM0.32 per IPO Share under the Public Issue and Offer for Sale
IPO Share(s)	:	Collectively, Issue Share(s) and Offer Share(s)
Issue Share(s)	:	New Shares to be issued by the Company pursuant to the Public Issue
Listing	:	Admission to the Official List and the listing of and quotation for the enlarged total number of Alpha Shares on the ACE Market

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)



APPENDIX A

ALPHA IVF GROUP BERHAD

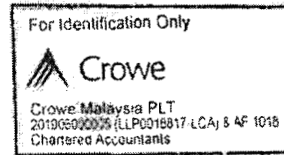
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023

1. ABBREVIATIONS (CONT'D)

Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia but excluding Directors of the Group, the Company's Substantial Shareholders and persons connected with either of them
MITI	:	Ministry of Investment, Trade and Industry (formerly known as Ministry of International Trade and Industry)
Offer for Sale	:	Offer for sale of 1,093,500,000 Offer Shares by the Offerors to institutional and selected investors, including Bumiputera investors approved by MITI under the Institutional Offering
Offer Share(s)	:	The existing Share(s) to be offered by the Offerors pursuant to the Offer for Sale
Offerors	:	Collectively, Dato' Dr. Lee Soon Soo, Dr. Ng Peng Wah, Lee Soon Ai, ACE Specialists Sdn Bhd, Dr. Leong Wai Yew, Dr. Lau Soon Yen, Dr. Tan Chong Seong and Dr. Lim Yong Kuei
Official List	:	A list specifying all securities which have been admitted for listing and have not been removed from Bursa Securities
Prospectus	:	Prospectus to be issued by the Company
Public Issue	:	Public issue of 364,500,000 Issue Shares comprising the Retail Offering and a portion of the Institutional Offering
Retail Offering	:	Retail offering of 218,700,000 Issue Shares comprising: <ul style="list-style-type: none"> (i) 24,300,000 Issue Shares made available for application by the Eligible Persons; and (ii) 194,400,000 Issue Shares made available for application by the Malaysian Public, at the IPO Price per IPO Share, payable in full upon application, subject to clawback and reallocation provisions
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
SGD	:	Singapore Dollar, the lawful currency of Singapore
Substantial Shareholder(s)	:	Collectively, Dato' Dr. Lee Soon Soo, Dr. Ng Peng Wah, Lee Soon Ai, Ace Specialists Sdn Bhd and Dr. Leong Wai Yew

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)

**APPENDIX A****ALPHA IVF GROUP BERHAD****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023****2. INTRODUCTION**

The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 October 2023 (“the Pro Forma Consolidated Statements of Financial Position”) together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus to be issued by the Company in connection with the IPO of 1,458,000,000 ordinary shares in conjunction with the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Securities and should not be relied upon for any other purposes.

3. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position are prepared based on the audited consolidated statements of financial position of the Group as at 31 October 2023, which are prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards (“IFRSs”), and in a manner consistent with the format of the financial statements and accounting policies of the Group.

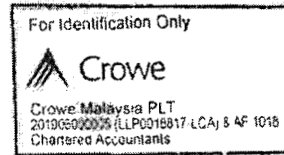
The Pro Forma Consolidated Statements of Financial Position together with the related notes thereon, are prepared solely to illustrate the impact of the events and transactions set out in Notes 4, 5, 6 and 7 to the Pro Forma Consolidated Statements of Financial Position as at 31 October 2023 had the events occurred or transactions been undertaken as at 31 October 2023.

The Pro Forma Consolidated Statements of Financial Position are not necessary indicative of the financial position that would have been attained had the Listing actually occurred at the respective dates.

The financial statements used in the preparation of the Pro Forma Consolidated Statements of Financial Position as at 31 October 2023 are not subject to any qualification, modification or disclaimer of opinion.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)

**APPENDIX A****ALPHA IVF GROUP BERHAD****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023****4. MATERIAL SUBSEQUENT EVENT OCCURRING AFTER 31 OCTOBER 2023**Pre-IPO Dividends

- (i) On 17 January 2024, a subsidiary of the Company, Alpha International Women's Specialists (Singapore) Pte. Ltd. declared a second single-tier interim dividend of approximately 16.13 sen (SGD0.046) per ordinary share amounting to RM3,090,753 (SGD881,360) in respect of the financial year ending 31 May 2024, payable to the shareholders on 24 January 2024 for shares registered as at 17 January 2024, where RM726,018 (SGD207,031) of the second single-tier interim dividend were attributable to the non-controlling interests.
- (ii) On 23 January 2024, the Board of Directors of the Company declared a second single-tier interim dividend of 0.489 sen per ordinary share amounting to RM21,982,995 in respect of the financial year ending 31 May 2024, payable on 24 January 2024, to shareholders whose names registered in the Register of Members at the close of business on 23 January 2024.

The Pre-IPO Dividends are illustrated in the Pro Forma in accordance with Paragraph 9.20 of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines.

5. LISTING SCHEME

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

5.1 IPO

The Company proposes to undertake the IPO of 1,458,000,000 IPO Shares, representing 30.00% of the enlarged total number of Shares in the manner set out below:-

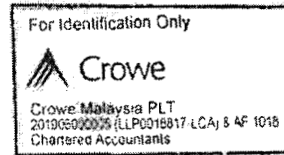
(i) Public Issue

Public issue of 364,500,000 Issue Shares in Alpha IVF, representing 7.50% of the Company's enlarged issued share capital upon Listing at IPO Price.

Upon completion of the Public Issue, the Company's entire enlarged issued share capital of RM119,725,963 comprising 4,860,000,000 Shares shall be listed on the ACE Market of Bursa Securities.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)

**APPENDIX A****ALPHA IVF GROUP BERHAD****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023****5. LISTING SCHEME (CONT'D)**

The following proposals were undertaken in conjunction with, and as an integral part of the Listing (Cont'd):-

5.1 IPO (Cont'd)**(ii) Offer for Sale**

The Offerors will undertake an offer for sale of 1,093,500,000 Offer Shares, representing 22.50% of the Company's enlarged issued share capital upon Listing at IPO Price.

The Offer for Sale does not have any impact on the Pro Forma Consolidated Statements of Financial Position as at 31 October 2023.

5.2 Listing

The admission to the official list and the listing and quotation of the entire enlarged issued share capital of Alpha IVF of RM119,725,963, comprising 4,860,000,000 Shares on the ACE Market of Bursa Securities will be sought.

6. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**6.1 Pro Forma I**

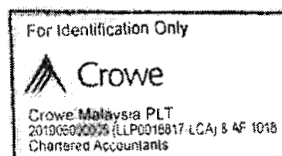
Pro Forma I incorporates the effects of the Material Subsequent Event as set out in Note 4 to the Pro Forma Consolidated Statements of Financial Position.

6.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the Public Issue as set out in Note 5.1(i) to the Pro Forma Consolidated Statements of Financial Position.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)



APPENDIX A

ALPHA IVF GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023

6. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

6.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the Utilisation of Proceeds from the Public Issue. The proceeds from Public Issue will be utilised as follows:-

Details of utilisation	RM	%	Estimated timeframe for utilisation from the date of Listing
Establishing new medical centres, satellite clinics and sales representative offices #	72,800,000	62.41	Within 36 months
Expansion and upgrade of existing medical centres, facilities and corporate office #	15,700,000	13.46	Within 36 months
Research and development #	2,200,000	1.89	Within 36 months
General working capital #	17,140,000	14.69	Within 36 months
General corporate purposes #	2,600,000	2.23	Within 36 months
Defraying the listing expenses *^	6,200,000	5.32	Within 1 month
Total	116,640,000	100.00	

Notes:-

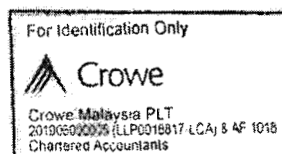
As at latest practicable date of the Prospectus, the Group did not enter into any contractual binding arrangements or issued any purchase orders in relation to the above purposes. Accordingly, the use of proceeds earmarked for these purposes are not reflected in the Pro Forma Consolidated Statements of Financial Position.

* If the actual listing expenses are higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes.

^ The estimated listing expenses of RM2,442,288 directly attributable to the Public Issue will be set off against share capital. The remaining estimated listing expenses of RM3,757,712 that is attributable to the Listing will be charged to the profit or loss. As at 31 October 2023, the Group has paid RM1,438,500 of listing expenses of which RM1,330,612 has been recognised in the profit or loss and RM107,888 is recognised in the prepayment.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)



APPENDIX A

ALPHA IVF GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023

7. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

7.1 Other receivables, deposits and prepayments

	Note	RM
As at 31 October 2023/As per Proforma I and II		2,375,646
Less: Prepaid listing expenses	6.3	(107,888)
As per Pro Forma III		<u>2,267,758</u>

7.2 Cash and bank balances

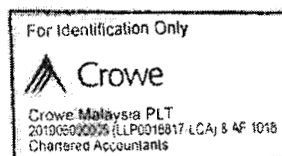
	Note	RM
As at 31 October 2023		30,569,116
Adjustment for Material Subsequent Event:		
- Dividend declared and paid to non-controlling interests	4(i)	(726,018)
- Dividend declared and paid by the Company	4(ii)	(21,982,995)
As per Proforma I		<u>7,860,103</u>
Add: Proceeds from Public Issue	5.1(i)	116,640,000
As per Proforma II		<u>124,500,103</u>
Less: Remaining estimated listing expenses ^	6.3	(4,761,500)
As per Pro Forma III		<u>119,738,603</u>

Note:-

^ RM1,438,500 of the estimated listing expenses have been paid by the Group.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)



APPENDIX A

ALPHA IVF GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023

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

7.3 Share capital

	Note	Number of Ordinary Shares	Amount of Share Capital RM
As at 31 October 2023/As per Pro Forma I		4,495,500,000	5,528,251
Add: Public Issue	5.1(i)	364,500,000	116,640,000
As per Proforma II		4,860,000,000	122,168,251
Less: Estimated listing expenses	6.3	-	(2,442,288)
As per Pro Forma III		4,860,000,000	119,725,963

7.4 Retained profits

	Note	RM
As at 31 October 2023		34,323,669
Adjustment for Material Subsequent Event: - Dividend declared and paid by the Company	4(ii)	(21,982,995)
As per Pro Forma I and II		12,340,674
Less: Estimated listing expenses	6.3	(2,427,100)
As per Pro Forma III		9,913,574

7.5 Non-controlling interests

	Note	RM
As at 31 October 2023		2,494,429
Adjustment for Material Subsequent Event: - Dividend declared and paid to non-controlling interests	4(i)	(726,018)
As per Pro Forma I, II and III		1,768,411

12. FINANCIAL INFORMATION (CONT'D)

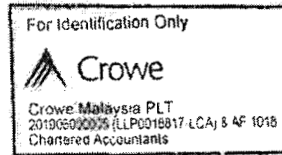
Registration No: 202101005100 (1405399 - X)

ALPHA IVF GROUP BERHAD

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Alpha IVF Group Berhad in accordance with a resolution dated **05 FEB 2024**

On behalf of the Board of Directors,



APPENDIX A

A handwritten signature in black ink, appearing to read "Lee Soon Soo".

Dato' Dr. Lee Soon Soo

A handwritten signature in black ink, appearing to read "Ng Peng Wah".

Dr. Ng Peng Wah

13. ACCOUNTANTS' REPORT



Registration No: 202101005100 (1405399 - X)

ACCOUNTANTS' REPORT

05 FEB 2024

The Board of Directors
Alpha IVF Group Berhad
 G01, Ground Floor,
 Encorp Strand Mall,
 Jalan PJU 5/22, Kota Damansara,
 47810 Petaling Jaya,
 Selangor Darul Ehsan.

Dear Sirs/Madam,

**REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED
 IN THE ACCOUNTANTS' REPORT OF ALPHA IVF GROUP BERHAD ("THE COMPANY" OR
 "ALPHA IVF")**

OPINION

We have audited the combined and consolidated financial information of Alpha IVF Group Berhad and its subsidiaries (collectively referred to as "the Group") which comprise the combined statements of financial position as at 31 May 2020, 31 May 2021, 31 May 2022 and the consolidated statements of financial position as at 31 May 2023, 31 October 2023, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 May 2020, 31 May 2021, 31 May 2022 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial year ended 31 May 2023 and for the five-month financial period ended 31 October 2023, and notes to the combined and consolidated financial statements, including a summary of significant accounting policies as set out on pages 4 to 127.

The historical financial information has been prepared for inclusion in the prospectus of Alpha IVF in connection with the listing of and quotation for the entire enlarged issued share capital of Alpha IVF on the ACE Market of Bursa Malaysia Securities Berhad ("the Prospectus"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("the Guidelines") and is given for the purpose of complying with the Guidelines and for no other purpose.

In our opinion, the combined and consolidated financial information gives a true and fair view of the financial position of the Group as at 31 May 2020, 31 May 2021, 31 May 2022, 31 May 2023 and 31 October 2023, and of its financial performance and its combined cash flows for each of the financial years ended 31 May 2020, 31 May 2021, 31 May 2022 and consolidated cash flows for the financial year ended 31 May 2023 and for the financial period ended 31 October 2023 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

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.

Page 1

13. ACCOUNTANTS' REPORT (CONT'D)



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.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The Directors of the Company are responsible for the preparation of the financial information of the Group that give a true and fair view in accordance with MFRS and IFRS. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the 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' RESPONSIBILITY 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 information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

13. ACCOUNTANTS' REPORT (CONT'D)


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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial 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.
- 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.

RESTRICTION ON DISTRIBUTION AND USE

This report is made solely to the Group for inclusion in the prospectus of Alpha IVF in connection with the listing of and quotation for the entire enlarged issued shares of Alpha IVF on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report 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 report contrary to the aforesaid purpose.

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

Kuala Lumpur

Elvina Tay Choon Choon
03329/10/2025 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Audited				As at 31 October 2023 RM
		2020 RM	2021 RM	2022 RM	2023 RM	
ASSETS						
NON-CURRENT ASSETS						
Equipment	4	15,024,291	13,197,282	7,842,219	4,181,991	5,236,324
Right-of-use assets	5	15,196,042	17,762,518	15,800,357	18,210,241	17,077,776
Other investment	6	26,000,000	26,000,000	26,000,000	-	-
Goodwill	7	-	8,931,239	8,931,239	8,931,239	8,931,239
Deferred tax assets	8	498,103	1,219,142	1,820,711	2,151,573	2,058,914
		56,718,436	67,110,181	60,394,526	33,475,044	33,304,253
CURRENT ASSETS						
Inventories	9	1,235,717	2,141,973	1,793,493	2,689,833	2,685,841
Trade receivables	10	499,714	1,115,901	1,478,720	1,275,421	1,645,406
Other receivables, deposits and prepayments	11	6,762,334	10,231,201	11,021,112	2,830,211	2,375,646
Current tax assets		1,847,791	682,811	22,904	-	-
Short-term investments	12	6,138,068	2,099,318	12,071,514	27,050,391	29,232,292
Fixed deposits with a licensed bank	13	-	626,379	958,410	8,579,863	5,280,735
Cash and bank balances		1,762,478	8,225,998	19,337,586	19,951,929	30,569,116
		18,246,102	25,123,581	46,683,739	62,377,648	71,789,036
TOTAL ASSETS		74,964,538	92,233,762	107,078,265	95,852,692	105,093,289

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	←----- Audited -----→				
Note	2020 RM	2021 RM	As at 31 May 2022 RM	2023 RM	As at 31 October 2023 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	5,016,237	6,075,955	4,097,907	5,528,251	5,528,251
Retained profits	11,839,870	4,838,505	13,583,100	23,064,081	34,323,669
Reorganisation reserve	-	22,669,534	22,669,534	22,499,105	22,499,105
Foreign exchange translation reserve	41,695	125,989	116,608	505,798	591,882
Equity attributable to owners of the Company	16,897,802	33,709,983	40,467,149	51,597,235	62,942,907
Non-controlling interests	11,461,181	14,861,349	18,499,850	2,957,307	2,494,429
TOTAL EQUITY	28,358,983	48,571,332	58,966,999	54,554,542	65,437,336
NON-CURRENT LIABILITIES					
Lease liabilities	14,049,915	16,596,466	14,536,965	16,430,238	15,372,966
Borrowings	11,077,247	10,153,213	8,844,525	3,029,245	-
Deferred tax liabilities	-	108,925	224,274	143,500	79,528
Provision for restoration costs	292,654	418,359	637,635	1,073,029	1,076,355
	25,419,816	27,276,963	24,243,399	20,676,012	16,528,849

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Audited				
		As at 31 May		As at 31 October		
	Note	2020	2021	2022	2023	2023
		RM	RM	RM	RM	RM
CURRENT LIABILITIES						
Trade payables	21	1,574,439	1,757,596	2,108,716	3,159,193	2,792,724
Other payables and accruals	22	10,862,965	3,433,267	5,252,506	4,880,865	4,969,410
Contract liabilities	23	1,455,586	3,046,138	4,712,826	5,186,217	5,462,021
Amount owing to directors	24	324,208	102,488	102,488	49,278	49,278
Lease liabilities	18	1,649,313	2,009,515	2,170,728	2,429,214	2,629,608
Borrowings	19	5,319,228	5,544,261	4,792,395	1,320,000	-
Dividend payable	25	-	-	2,900,000	-	1,228,875
Current tax liabilities		-	492,202	1,828,208	3,597,371	5,995,188
		21,185,739	16,385,467	23,867,867	20,622,138	23,127,104
TOTAL LIABILITIES		46,605,555	43,662,430	48,111,266	41,298,150	39,655,953
TOTAL EQUITY AND LIABILITIES		74,964,538	92,233,762	107,078,265	95,852,692	105,093,289

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2020		2021		Audited		Financial Year Ended ("FYE") 31 May		Unaudited		Five-month Period		Audited	
		RM	RM	RM	RM	2022	2023	2022	2023	31 October	2022	2023	31 October	2023	
		<-----<		----->		----->		----->		----->		----->		>----->	
		Financial Year Ended ("FYE") 31 May		Financial Year Ended ("FYE") 31 May		Financial Year Ended ("FYE") 31 May		Financial Year Ended ("FYE") 31 May		Financial Year Ended ("FYE") 31 May		Financial Year Ended ("FYE") 31 May		Financial Year Ended ("FYE") 31 May	
REVENUE	26	68,954,834	62,063,402	91,093,603	137,479,016	55,805,112	65,903,545								
COST OF SALES		(38,742,467)	(34,631,878)	(44,570,228)	(60,837,330)	(24,430,883)	(28,330,916)								
GROSS PROFIT		30,212,367	27,431,524	46,523,375	76,641,686	31,374,229	37,572,629								
OTHER INCOME		1,326,301	2,356,021	1,360,136	12,551,021	11,848,850	803,451								
		31,538,668	29,787,545	47,883,511	89,192,707	43,223,079	38,376,080								
ADMINISTRATIVE EXPENSES		(21,995,430)	(10,396,673)	(12,640,002)	(17,264,579)	(6,672,569)	(8,023,962)								
OTHER EXPENSES		(4,694,869)	(13,159,579)	(3,965,620)	(3,692,235)	(1,496,947)	(1,667,137)								
FINANCE COSTS		(1,134,035)	(1,395,647)	(1,349,604)	(1,017,027)	(465,583)	(357,998)								
PROFIT BEFORE TAXATION	27	3,714,334	4,835,646	29,928,285	67,218,866	34,587,980	28,326,983								
INCOME TAX EXPENSE	28	(255,737)	(2,530,542)	(6,943,924)	(12,429,253)	(5,638,067)	(7,122,238)								
PROFIT AFTER TAXATION		3,458,597	2,305,104	22,984,361	54,789,613	28,949,913	21,204,745								

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

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

	Note	←----- Audited -----→		Unaudited		Audited Five-month Period FPE 31 October ----->
		2020 RM	2021 RM	2022 RM	2023 RM	
OTHER COMPREHENSIVE INCOME						
Item that Will be Reclassified Subsequently to Profit or Loss						
Foreign currency translation differences		90,088	175,613	(19,543)	508,678	112,514
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		3,548,685	2,480,717	22,964,818	55,298,291	21,317,259
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-						
Owners of the Company		2,467,977	(3,078,599)	14,306,001	53,242,615	20,655,183
Non-controlling interests		990,620	5,383,703	8,678,360	1,546,998	549,562
		3,458,597	2,305,104	22,984,361	54,789,613	21,204,745
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-						
Owners of the Company		2,512,896	(2,994,305)	14,296,620	53,631,805	20,741,267
Non-controlling interests		1,035,789	5,475,022	8,668,198	1,666,486	575,992
		3,548,685	2,480,717	22,964,818	55,298,291	21,317,259
EARNINGS/(LOSS) PER SHARE (SEN)						
- Basic	29	29.12	(15.70)	45.42	1.46	0.46
- Diluted	29	29.12	(15.70)	45.42	1.46	0.46

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Audited	Note	Share Capital RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 1.6.2019		2,809,588	(3,224)	9,371,893	12,178,257	8,034,855	20,213,112
Profit after taxation for the financial year		-	-	2,467,977	2,467,977	990,620	3,458,597
Other comprehensive income for the financial year:		-	44,919	-	44,919	45,169	90,088
- Foreign currency translation differences		-	44,919	-	44,919	45,169	90,088
Total comprehensive income for the financial year		-	44,919	2,467,977	2,512,896	1,035,789	3,548,685
Contributions by owners:							
- Issuance of ordinary shares by Alpha International Women's Specialists Pte. Ltd. ("AIWSS")	14	2,206,649	-	-	2,206,649	2,390,537	4,597,186
Balance at 31.5.2020/1.6.2020		5,016,237	41,695	11,839,870	16,897,802	11,461,181	28,358,983

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Audited	Note	Share Capital RM	Reorganisation Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 31.5.2020/1.6.2020		5,016,237	-	41,695	11,839,870	16,897,802	11,461,181	28,358,983
(Loss)/Profit after taxation for the financial year		-	-	-	(3,078,599)	(3,078,599)	5,383,703	2,305,104
Other comprehensive income for the financial year:								
- Foreign currency translation differences		-	-	84,294	-	84,294	91,319	175,613
Total comprehensive income/ (expenses) for the financial year		-	-	84,294	(3,078,599)	(2,994,305)	5,475,022	2,480,717
Incorporation of the Company	14	1	-	-	-	1	-	1
Issuance of ordinary shares by Alhaya International Women's Specialists Sdn. Bhd. ("AHIWS")	14	59,717	-	-	-	59,717	8,143	67,860
Acquisition of a subsidiary	14	1,000,000	22,669,534	-	-	23,669,534	-	23,669,534
Dividend issued/paid by subsidiaries to:								
- former holding company		-	-	-	(3,922,766)	(3,922,766)	-	(3,922,766)
- non-controlling interests		-	-	-	-	-	(2,082,997)	(2,082,997)
Total contributions by and distributions to owners		1,059,718	22,669,534	-	(3,922,766)	19,806,486	(2,074,854)	17,731,632
Balance at 31.5.2021/1.6.2021		6,075,955	22,669,534	125,989	4,838,505	33,709,983	14,861,349	48,571,332

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Audited	Note	Share Capital RM	Reorganisation Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 31.5.2021/1.6.2021		6,075,955	22,669,534	125,989	4,838,505	33,709,983	14,861,349	48,571,332
Profit after taxation for the financial year		-	-	-	14,306,001	14,306,001	8,678,360	22,984,361
Other comprehensive expense for the financial year:		-	-	(9,381)	-	(9,381)	(10,162)	(19,543)
- Foreign currency translation differences								
Total comprehensive (expenses)/ income for the financial year		-	-	(9,381)	14,306,001	14,296,620	8,668,198	22,964,818
Changes in ownership interests that do not result in a loss of control	14	(3,678)	-	-	5,416	1,738	(1,738)	-
Dividend issued/paid by subsidiaries to:								
- Former holding company		-	-	-	(5,566,822)	(5,566,822)	-	(5,566,822)
- Non-controlling interests		-	-	-	-	-	(2,889,058)	(2,889,058)
Share capital reduction of a subsidiary	14	(1,974,370)	-	-	-	(1,974,370)	(2,138,901)	(4,113,271)
Total distributions to owners		(1,978,048)	-	-	(5,561,406)	(7,539,454)	(5,029,697)	(12,569,151)
Balance at 31.5.2022/1.6.2022		4,097,907	22,669,534	116,608	13,583,100	40,467,149	18,499,850	58,966,999

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Audited	Note	Share Capital RM	Reorganisation Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 31.5.2022/1.6.2022		4,097,907	22,669,534	116,608	13,583,100	40,467,149	18,499,850	58,966,999
Profit after taxation for the financial year		-	-	-	53,242,615	53,242,615	1,546,998	54,789,613
Other comprehensive income for the financial year: - Foreign currency translation differences		-	-	389,190	-	389,190	119,488	508,678
Total comprehensive income for the financial year		-	-	389,190	53,242,615	53,631,805	1,666,486	55,298,291
Issuance of ordinary shares by the Company	14	5,528,250	-	-	-	5,528,250	-	5,528,250
Issuance of ordinary shares by AHIWS	14	1,099,730	-	-	-	1,099,730	1,217,743	2,317,473
Dividend paid by subsidiaries to: - Former holding company - Non-controlling interests		-	-	-	(38,059,724)	(38,059,724)	-	(38,059,724)
		-	-	-	-	-	(22,666,369)	(22,666,369)
Total contributions by and distributions to owners		6,627,980	-	-	(38,059,724)	(31,431,744)	(21,448,626)	(52,880,370)
Acquisition of non-controlling interests		-	-	-	(5,839,351)	(5,839,351)	4,377,038	(1,462,313)
Dilution of interests in a subsidiary		-	-	-	137,441	137,441	(137,441)	-
Total changes in ownership interests in subsidiaries		-	-	-	(5,701,910)	(5,701,910)	4,239,597	(1,462,313)
Effect of acquisition of common control subsidiaries	14	(5,197,636)	(170,429)	-	-	(5,368,065)	-	(5,368,065)
Balance at 31.5.2023		5,528,251	22,499,105	505,798	23,064,081	51,597,235	2,957,307	54,554,542

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Audited	Note	Share Capital RM	Reorganisation Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 31.5.2023/1.6.2023		5,528,251	22,499,105	505,798	23,064,081	51,597,235	2,957,307	54,554,542
Profit after taxation for the financial period		-	-	-	20,655,183	20,655,183	549,562	21,204,745
Other comprehensive income for the financial period: - Foreign currency translation differences		-	-	86,084	-	86,084	26,430	112,514
Total comprehensive income for the financial period		-	-	86,084	20,655,183	20,741,267	575,992	21,317,259
Dividends: - by the Company - by the subsidiaries to non-controlling interests	31	-	-	-	(9,395,595)	(9,395,595)	-	(9,395,595) (1,038,870)
Total contributions by and distributions to owners		-	-	-	(9,395,595)	(9,395,595)	(1,038,870)	(10,434,465)
Balance at 31.10.2023		5,528,251	22,499,105	591,882	34,323,669	62,942,907	2,494,429	65,437,336

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Unaudited	Note	Share Capital RM	Reorganisation Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profit/ (Accumulated Loss) RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 31.5.2022/1.6.2022		4,097,907	22,669,534	116,608	13,583,100	40,467,149	18,499,850	58,966,999
Profit after taxation for the financial period		-	-	-	28,394,739	28,394,739	555,174	28,949,913
Other comprehensive income for the financial period: - Foreign currency translation differences		-	-	241,748	-	241,748	74,221	315,969
Total comprehensive income for the financial period		-	-	241,748	28,394,739	28,636,487	629,395	29,266,882
Issuance of ordinary shares by the Company	14	5,528,250	-	-	-	5,528,250	-	5,528,250
Issuance of ordinary shares by AHIWS	14	1,099,730	-	-	-	1,099,730	1,217,743	2,317,473
Dividend paid by subsidiaries to: - former holding company		-	-	-	(38,059,724)	(38,059,724)	-	(38,059,724)
- non-controlling interests		-	-	-	-	-	(22,666,369)	(22,666,369)
Total contribution by and distributions to owners		6,627,980	-	-	(38,059,724)	(31,431,744)	(21,448,626)	(52,880,370)
Acquisition of non-controlling interests		-	-	-	(5,839,351)	(5,839,351)	4,377,038	(1,462,313)
Dilution of interests in a subsidiary		-	-	-	137,441	137,441	(137,441)	-
Total changes in ownership interests in subsidiaries		-	-	-	(5,701,910)	(5,701,910)	4,239,597	(1,462,313)
Effect of acquisition of common control subsidiaries	14	(5,197,636)	(170,429)	-	-	(5,368,065)	-	(5,368,065)
Balance at 31.10.2022		5,528,251	22,499,105	358,356	(1,783,795)	26,601,917	1,920,216	28,522,133

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS

	←----- Audited -----→		←----- FPE 31 October -----→	
	2020 RM	2021 RM	2022 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	3,714,334	4,835,646	29,928,285	67,218,866
Adjustments for:-				
Bad debts written off	-	-	-	47,799
COVID-19-related rent concessions	(115,918)	(45,287)	-	-
Depreciation of equipment	6,338,412	5,244,635	5,797,035	4,631,486
Depreciation of right-of-use assets	1,865,632	1,946,311	2,250,370	2,357,088
Equipment written off	1,351	23,572	551	-
Fair value gain on other investment	-	-	-	(11,279,993)
Interest expense	1,134,035	1,395,647	1,349,604	1,017,027
Loss on remeasurement of previously held equity interest	-	9,442,012	-	-
(Gain)/Loss on disposal of equipment	(4,991)	(53,028)	888	(14,124)
Interest income	(122,371)	(141,215)	(541,729)	(956,265)
Operating profit before working capital changes	12,810,484	22,648,293	38,785,004	63,021,884
Decrease/(Increase) in inventories	126,333	(171,901)	355,458	(872,506)
Decrease/(Increase) in trade and other receivables	7,897,361	(3,684,842)	(3,080,380)	8,464,063
Increase/(Decrease) in trade and other payables	4,896,759	(8,081,923)	2,082,967	697,889
(Decrease)/Increase in contract liabilities	(585,834)	1,583,806	1,656,028	462,434
CASH FROM OPERATIONS	25,145,103	12,293,433	39,799,077	71,773,764
			26,275,704	31,059,135
			(547,228)	12,099
			9,179,050	124,983
			617,137	(343,143)
			291,044	263,208
			35,815,707	31,116,282

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Audited			Unaudited		Audited	
		2020 RM	2021 RM	2022 RM	2023 RM	Five-month Period FPE 31 October 2022 RM	Five-month Period FPE 31 October 2023 RM	
CASH FROM OPERATIONS		25,145,103	12,293,433	39,799,077	71,773,764	35,815,707	31,116,282	
Income tax paid		(1,474,060)	(1,100,137)	(5,667,067)	(11,168,507)	(2,896,692)	(5,307,023)	
Income tax refunded		-	17,547	186,986	-	-	568,775	
Interest paid		(42,718)	(1,676)	(28)	-	-	-	
NET CASH FROM OPERATING ACTIVITIES		23,628,325	11,209,167	34,318,968	60,605,257	32,919,015	26,378,034	
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES								
Acquisition of a subsidiary	30	-	2,568,846	-	-	-	-	
Additional investment in an existing subsidiary		-	-	-	(202,398)	(202,398)	-	
Proceeds from disposal of equipment		5,355	107,212	160	19,096	84	32	
Proceeds from disposal of investment in a subsidiary		100	-	-	-	-	-	
Interest income		122,371	141,215	541,729	956,265	442,315	723,798	
Proceeds from share capital reduction of a subsidiary		-	-	(2,138,901)	-	-	-	
Purchase of equipment		(11,995,410)	(356,014)	(394,722)	(866,229)	(236,947)	(2,953,190)	
Purchase of other investment		(26,000,000)	-	-	-	-	-	
(Additions to)/Withdrawal of fixed deposits with tenure more than 3 months		-	(626,379)	626,379	-	-	-	
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(37,867,584)	1,834,880	(1,365,355)	(93,266)	3,054	(2,229,360)	

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Audited			Unaudited	
		2020 RM	2021 RM	2022 RM	Five-month Period FPE 31 October 2022 RM	Audited Five-month Period FPE 31 October 2023 RM
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES						
Proceeds from issuance of ordinary shares:						
- the Company		-	1	-	-	-
- a subsidiary		4,597,186	-	-	977,233	-
Dividend paid by the Company		-	-	-	-	(8,166,720)
Dividend paid by subsidiaries to former holding company and non-controlling interest		-	(6,005,763)	(5,555,880)	(26,346,100)	(1,038,870)
Proceeds from drawdown	32(b)	10,104,114	-	-	-	-
Interest paid	32(b)	(1,081,202)	(1,361,865)	(1,326,463)	(460,948)	(265,990)
Repayment of term loans	32(b)	(278,877)	(846,928)	(914,802)	(5,402,197)	(4,349,245)
Repayment of revolving credits	32(b)	-	-	-	(3,021,305)	-
Repayment of lease liabilities	32(b)	(1,299,112)	(1,639,873)	(2,000,687)	(893,484)	(1,004,127)
Repayment to directors	32(b)	-	(152,655)	-	(23,925)	-
Repayment of hire purchase	32(b)	(702,246)	(776,502)	(1,144,469)	(92,338)	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		11,339,863	(10,783,585)	(10,942,301)	(35,263,064)	(14,824,952)

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	←----- Audited ----->		Unaudited		Audited	
		2020	2021	2022	2023	Five-month Period	2023
		RM	RM	RM	RM	RM	RM
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,899,396)	2,260,462	22,011,312	22,606,175	(2,340,995)	9,323,722
EFFECT OF FOREIGN EXCHANGE TRANSLATION		29,972	162,691	32,499	608,498	443,276	176,238
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		10,769,970	7,900,546	10,323,699	32,367,510	32,367,510	55,582,183
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	32(d)	7,900,546	10,323,699	32,367,510	55,582,183	30,469,791	65,082,143

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Alpha IVF was incorporated in Malaysia on 10 February 2021 with a total paid-up share capital of RM1 comprising 1 ordinary share as a private limited company with the name of Alpha IVF Group Sdn. Bhd. and was subsequently converted to a public limited company on 21 August 2023. The Company is principally engaged in the business of investment holdings and business management consultancy services.

The Company was incorporated for the purpose of acquiring the combining entities, Alpha International Women's Specialists Sdn. Bhd. ("AIWS"), AIWSS, Genesis Specialists Sdn. Bhd. ("GS") and AHIWS pursuant to the acquisition as disclosed in Note 38 to the financial statements.

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

Registered office : No.9A, Jalan Medan Tuanku,
Medan Tuanku, 50300 Kuala Lumpur,
W.P Kuala Lumpur, Malaysia.

Principal place of business : G01, Ground Floor,
Encorp Strand Mall,
Jalan PJU 5/22, Kota Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan.

The information of entities within the combined and consolidated financial statements is as follows:-

- (a) AIWS was incorporated in Malaysia on 30 March 2011 as a private limited liability company and is principally engaged in the business of operating women's specialists centre and provision of medical consultants.
- (b) AIWSS was incorporated in Singapore on 8 November 2018 as a private limited liability company and is principally engaged in the business of operating a women's specialists centre, as medical consultants and providing fertility treatments, women-related healthcare and medical services.
- (c) GS was incorporated in Malaysia on 18 June 2015 as a private limited liability company and is principally engaged in the business of providing specialised medical services.
- (d) AHIWS was incorporated in Malaysia on 15 August 1985 as a private limited liability company and is principally engaged in the business of providing fertility, gynaecological and obstetric treatment and related services.

The Company and the above entities are collectively defined as "**the Group**".

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION**

The combined and consolidated financial statements of the Group are prepared based on the financial statements for the relevant financial years/period as follows:-

	<----- FYE 31 May ----->				FPE 31 October 2023
	2020	2021	2022	2023	
Alpha IVF	(i)	√	√	@, ^	^
AIWS	√	√	√	@, ^	^
AIWSS	√	√	√	@, ^	^
GS	(ii)	√	√	@, ^	^
AHIWS	√	√	√	#, ^	^

(i) No financial statements are available for Alpha IVF as the Company was incorporated on 10 February 2021.

(ii) No financial statements are available for GS as GS was acquired and became a wholly-owned subsidiary on 22 March 2021.

√ The combined financial statements of the Group include the financial statements of these combining entities for the respective financial years.

@ During the FYE 31 May 2023, Alpha IVF acquired AIWS, AIWSS and GS for a total purchase consideration of RM5,528,250 as disclosed in Note 38 to the financial statements.

During the FYE 31 May 2023, AIWS acquired AHIWS for a total consideration of RM1,302,128 as disclosed in Note 38 to the financial statements.

^ The consolidated financial statements of the Group are prepared for the respective financial year/period. The basis of consolidation is disclosed in Note 3.2 to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of the Group for the relevant period were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the date of incorporation of entities within the Group. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

All material intra-group transactions and balances have been eliminated on combination.

The combined and consolidated financial statements of the Group are prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under significant accounting policies, and in compliance with MFRS, IFRS and Prospectus Guidelines issued by the Securities Commission Malaysia.

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

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

MFRS 17: Insurance Contracts

Amendments to MFRS 17: Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

- 2.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial 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 Liabilities 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 Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

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

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 other than as disclosed below:-

(a) Depreciation of Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the equipment 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 equipment 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 equipment and right-of-use assets as at the reporting date is disclosed in Notes 4 and 5 to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND 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)***(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 7 to the financial statements.

(c) 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 financial statements.

(d) 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 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 financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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)***(e) 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 amounts of current tax assets and liabilities as at the reporting date are as follows:-

	←----- Audited -----→				As at 31 October 2023
	←----- As at 31 May -----→				
	2020 RM	2021 RM	2022 RM	2023 RM	RM
Current tax assets	1,847,791	682,811	22,904	-	-
Current tax liabilities	-	492,202	1,828,208	3,597,371	5,995,188

(f) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 8 to the financial statements.

(g) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made are disclosed in Note 30 to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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)

(h) 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.

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 combined and consolidated financial statements include the financial statements of the Group 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 combined and consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the combined and 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.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND 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 reporting 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 reporting period.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND 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 combined and consolidated statements 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.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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.

3.4 FUNCTIONAL AND FOREIGN CURRENCIES**(a) Functional and Presentation Currency**

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

The combined and 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.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)****(c) Foreign Operations**

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

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

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

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

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the combined and 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 combined and consolidated statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

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

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.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.5 FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Amortised Cost (Cont'd)

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.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND 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).

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND 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.

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 EQUIPMENT**

All items of 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 equipment is 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 equipment are recognised in profit or loss as incurred.

Depreciation on equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the 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:-

Computers and software	20% to 40%
Clinical equipment	10%
Furniture and fittings	20%
Laboratory and operating theatre equipment	15% to 20%
Medical equipment	15% to 20%
Motor vehicles	20%
Office equipment	20%
Renovation	20%
Signboard	20%

Capital work-in-progress included in 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 equipment. Any changes are accounted for as a change in estimate.

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

An item of 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.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.7 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 combined and 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 and the estimated costs of dismantling and restoration costs, 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 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.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out cost 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.

3.9 CONTRACT LIABILITY

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

3.10 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 combined and consolidated statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.11 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 and trade receivables.

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 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.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.11 IMPAIRMENT (CONT'D)****(a) Impairment of Financial Assets (Cont'd)**

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

(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 assets is the higher of the assets' 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. 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 of the impairment loss is treated as a revaluation increase.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 PROVISIONS

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

Dismantling, Removal and Restoration Costs

A provision is recognised when the Group has an obligation to dismantle and remove structures on identified sites and restore these sites to an acceptable condition. The provision is measured at the present value of the compounded future expenditure at current prices and is recognised as part of the cost of the relevant asset. The capitalised cost is depreciated over the expected life of the asset.

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).

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.14 INCOME TAXES (CONT'D)

(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.

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

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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 potential dilutive 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.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND 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 combined and consolidated financial statements is determined on such a basis, except for leasing transactions (MFRS 16) and measurement that have some similarities to fair value but are not fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

3.19 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.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.19 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) Rendering of In Vitro Fertilisation ("IVF") and Ancillary Services

Revenue from IVF and ancillary services comprise assisted reproductive, implantation optimisation, preimplantation genetic testing and other medical services. Revenue is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

(b) Sales of Pharmaceutical Products

Revenue from sale of pharmaceutical products is recognised when the Group has transferred control of the goods to the customer, being at the point the customer purchases the goods at the fertility centre. Payment for the transaction is due immediately at the point the customer purchases the goods and takes delivery.

(c) Rendering of Freezing Services

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.20 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) Lease Income

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

(c) Government Grant Income

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as other income in profit or loss.

Grants that compensate the Group for the cost of an asset are recognised as deferred grant income in the combined and consolidated statements of financial position and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

4. EQUIPMENT

Audited	Computers and software	Clinical equipment	Furniture and fittings	Laboratory and operating theatre equipment	Medical equipment	Motor vehicles	Office equipment	Renovation	Signboard	Capital work-in-progress	Total
<i>Carrying amount</i>	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1.6.2019	126,724	80,107	34,124	3,851,661	163,605	494,262	92,402	3,202	11,848	4,448,083	9,306,018
Additions	551,613	-	3,735,432	3,725,215	35,724	5,200	390,723	3,498,094	53,409	-	11,995,410
Disposal	-	-	-	-	-	-	(364)	-	-	-	(364)
Write off	-	-	-	-	-	-	(1,351)	-	-	-	(1,351)
Reclassification	-	-	350,000	198,910	-	-	-	3,899,173	-	(4,448,083)	-
Depreciation charges	(188,323)	(25,566)	(1,174,489)	(2,319,890)	(82,086)	(299,998)	(137,253)	(2,091,975)	(18,832)	-	(6,338,412)
Foreign currency translation differences	-	-	16,630	27,643	-	-	2,678	16,039	-	-	62,990
At 31.5.2020/ 1.6.2020	490,014	54,541	2,961,697	5,483,539	117,243	199,464	346,835	5,324,533	46,425	-	15,024,291

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

4. EQUIPMENT (CONT'D)

Audited	Computers and software	Clinical equipment	Furniture and fittings	Laboratory and operating theatre equipment	Medical equipment	Motor vehicles	Office equipment	Renovation	Signboard	Total
Carrying amount	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31.5.2020/ 1.6.2020	490,014	54,541	2,961,697	5,483,539	117,243	199,464	346,835	5,324,533	46,425	15,024,291
Additions	56,627	-	4,154	145,003	880	-	88,133	61,217	-	356,014
Disposals	-	-	-	(54,184)	-	-	-	-	-	(54,184)
Write off	(4,701)	-	(372)	(168)	-	-	(6,618)	(2,023)	(9,690)	(23,572)
Depreciation charges	(158,152)	(25,567)	(862,848)	(2,269,210)	(42,907)	(151,255)	(156,244)	(1,569,311)	(9,141)	(5,244,635)
Acquisition of a subsidiary (Note 30)	-	-	161,613	2,421,161	-	-	196,834	312,679	-	3,092,287
Foreign currency translation differences	-	-	11,851	21,023	-	-	2,797	11,410	-	47,081
At 31.5.2021/ 1.6.2021	383,788	28,974	2,276,095	5,747,164	75,216	48,209	471,737	4,138,505	27,594	13,197,282
Additions	25,044	-	15,144	255,808	-	-	98,599	127	-	394,722
Disposals	-	-	-	(969)	-	-	(79)	-	-	(1,048)
Write off	-	-	-	-	-	-	(551)	-	-	(551)
Depreciation charges	(148,825)	(25,566)	(947,325)	(2,612,628)	(41,775)	(45,523)	(247,661)	(1,717,051)	(10,681)	(5,797,035)
Foreign currency translation differences	-	-	11,499	23,768	-	-	2,868	10,714	-	48,849
At 31.5.2022/ 1.6.2022	260,007	3,408	1,355,413	3,413,143	33,441	2,686	324,913	2,432,295	16,913	7,842,219

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

4. EQUIPMENT (CONT'D)

<u>Audited</u> <i>Carrying amount</i>	Computers and software RM	Clinical equipment RM	Furniture and fittings RM	Laboratory and operating theatre equipment RM	Medical equipment RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signboard RM	Capital work-in- progress RM	Total RM
At 31.5.2022/ 1.6.2022	260,007	3,408	1,355,413	3,413,143	33,441	2,686	324,913	2,432,295	16,913	-	7,842,219
Additions	153,724	-	4,186	304,188	320,000	-	48,451	27,180	8,500	-	866,229
Disposals	-	-	-	(751)	(3,933)	-	(288)	-	-	-	(4,972)
Depreciation charges	(146,952)	(2,334)	(856,302)	(1,853,337)	(62,173)	(1,040)	(166,812)	(1,531,429)	(11,107)	-	(4,631,486)
Foreign currency translation differences	-	-	25,531	53,901	-	-	6,713	23,856	-	-	110,001
At 31.5.2023/ 1.6.2023	266,779	1,074	528,828	1,917,144	287,335	1,646	212,977	951,902	14,306	-	4,181,991
Additions	36,630	-	400	1,151,988	-	-	34,093	80,669	-	1,649,410	2,953,190
Disposals	-	-	-	(252)	-	-	(103)	-	-	-	(355)
Write off	-	-	-	(456)	-	-	-	-	-	-	(456)
Reclassification	-	-	-	-	-	-	-	(13,300)	-	13,300	-
Depreciation charges	(72,025)	(92)	(364,472)	(725,237)	(27,846)	(433)	(61,536)	(659,551)	(5,159)	-	(1,916,351)
Foreign currency translation differences	-	-	3,373	10,494	-	-	1,424	3,014	-	-	18,305
At 31.10.2023	231,384	982	168,129	2,353,681	259,489	1,213	186,855	362,734	9,147	1,662,710	5,236,324

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

4. EQUIPMENT (CONT'D)

	Computers and software RM	Clinical equipment RM	Furniture and fittings RM	Laboratory operating theatre equipment RM	Medical equipment RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signboard RM	Total RM
Audited										
As at 31 May 2020	954,073	406,792	4,266,002	12,718,085	1,022,790	2,184,836	578,455	9,069,775	71,908	31,272,716
At cost	(464,059)	(352,251)	(1,304,305)	(7,234,546)	(905,547)	(1,985,372)	(231,620)	(3,745,242)	(25,483)	(16,248,425)
Accumulated depreciation	490,014	54,541	2,961,697	5,483,539	117,243	199,464	346,835	5,324,533	46,425	15,024,291
Carrying amount										
As at 31 May 2021	967,266	406,792	5,270,851	18,518,746	1,019,421	1,847,736	1,541,929	9,271,152	53,409	38,897,302
At cost	(583,478)	(377,818)	(2,994,756)	(12,771,582)	(944,205)	(1,799,527)	(1,070,192)	(5,132,647)	(25,815)	(25,700,020)
Accumulated depreciation	383,788	28,974	2,276,095	5,747,164	75,216	48,209	471,737	4,138,505	27,594	13,197,282
Carrying amount										
As at 31 May 2022	992,310	406,792	5,358,048	18,768,950	1,019,421	1,847,736	1,646,112	9,312,763	53,409	39,405,541
At cost	(732,303)	(403,384)	(4,002,635)	(15,355,807)	(985,980)	(1,845,050)	(1,321,199)	(6,880,468)	(36,496)	(31,563,322)
Accumulated depreciation	260,007	3,408	1,355,413	3,413,143	33,441	2,686	324,913	2,432,295	16,913	7,842,219
Carrying amount										
As at 31 May 2023	1,146,034	406,792	5,494,462	19,290,267	1,309,921	1,847,736	1,714,912	9,466,455	61,909	40,738,488
At cost	(879,255)	(405,718)	(4,965,634)	(17,373,123)	(1,022,586)	(1,846,090)	(1,501,935)	(8,514,553)	(47,603)	(36,556,497)
Accumulated depreciation	266,779	1,074	528,828	1,917,144	287,335	1,646	212,977	951,902	14,306	4,181,991
Carrying amount										

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

4. EQUIPMENT (CONT'D)

<u>Audited</u>	Computers and software RM	Clinical equipment RM	Furniture and fittings RM	Laboratory and operating theatre equipment RM	Medical equipment RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signboard RM	Capital work-in- progress RM	Total RM
As at 31 October 2023	1,182,664	406,792	5,543,934	20,495,135	1,309,921	1,847,736	1,758,107	9,580,773	61,909	1,662,710	43,849,681
At cost	(951,280)	(405,810)	(5,375,805)	(18,141,454)	(1,050,432)	(1,846,523)	(1,571,252)	(9,218,039)	(52,762)	-	(38,613,357)
Accumulated depreciation											
Carrying amount	231,384	982	168,129	2,353,681	259,489	1,213	186,855	362,734	9,147	1,662,710	5,236,324

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

4. EQUIPMENT (CONT'D)

- (a) Included in the carrying amount of equipment at the end of the reporting period are the following assets held under hire purchase arrangements:-

	----- Audited ----->				As at 31 October 2023 RM
	<----- As at 31 May ----->				
	2020 RM	2021 RM	2022 RM	2023 RM	
Furniture and fittings	-	8,913	7	-	-
Laboratory and operating theatre equipment	837,000	843,694	107	-	-
Medical equipment	-	37,420	8	-	-
Motor vehicles	120,738	44,482	-	-	-
Office equipment	-	12,238	-	-	-
	<u>957,738</u>	<u>946,747</u>	<u>122</u>	<u>-</u>	<u>-</u>

- (b) Included in the carrying amount of equipment at the end of the reporting period are the following assets held in trusts:-

	----- Audited ----->				As at 31 October 2023 RM
	<----- As at 31 May ----->				
	2020 RM	2021 RM	2022 RM	2023 RM	
Motor vehicles - a third party	120,738	44,482	-	-	-

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

5. RIGHT-OF-USE ASSETS

	Apartment RM	Office and fertility centres RM	Office equipment RM	Medical equipment RM	Total RM
Audited					
<i>Carrying amount</i>					
At 1.6.2019	-	16,809,871	22,767	106,529	16,939,167
Addition	46,804	-	-	-	46,804
Depreciation charges	(20,477)	(1,819,468)	(3,790)	(21,897)	(1,865,632)
Foreign currency translation differences	-	74,617	200	886	75,703
At 31.5.2020/1.6.2020	26,327	15,065,020	19,177	85,518	15,196,042
Acquisition of a subsidiary (Note 30)	-	4,435,354	-	-	4,435,354
Depreciation charges	(26,327)	(1,877,705)	(4,564)	(37,715)	(1,946,311)
Foreign currency translation differences	-	76,820	186	427	77,433
At 31.5.2021/1.6.2021	-	17,699,489	14,799	48,230	17,762,518
Addition	-	196,497	-	-	196,497
Depreciation charges	-	(2,207,390)	(4,646)	(38,334)	(2,250,370)
Foreign currency translation differences	-	91,545	204	(37)	91,712
At 31.5.2022/1.6.2022	-	15,780,141	10,357	9,859	15,800,357
Addition	-	3,823,730	-	-	3,823,730
Depreciation charges	-	(2,342,092)	(4,898)	(10,098)	(2,357,088)
Modification of lease liabilities	-	682,451	-	-	682,451
Foreign currency translation differences	-	260,061	491	239	260,791
At 31.5.2023/1.6.2023	-	18,204,291	5,950	-	18,210,241
Depreciation charges	-	(1,178,679)	(2,143)	-	(1,180,822)
Reassessment (Note 20)	-	(28,309)	-	-	(28,309)
Foreign currency translation differences	-	76,558	108	-	76,666
At 31.10.2023	-	17,073,861	3,915	-	17,077,776

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****5. RIGHT-OF-USE ASSETS (CONT'D)**

The Group leases apartment, office and fertility centres, office equipment and medical equipment of which the leasing activities are summarised below:-

- | | |
|--|--|
| (i) Apartment | The Group leases an apartment that run for Nil (31.5.2023 - Nil, 31.5.2022 - Nil, 31.5.2021 - 2 and 31.5.2020 - 2) years, with an option to renew the lease after that date. |
| (ii) Office and fertility centres | The Group leases office and fertility centres that run for 3 years, with an option to renew the lease after that date. |
| (iii) Office equipment and medical equipment | The Group leases several assets such as photocopier and medical equipment with lease terms that run between 3 and 5 years. |

6. OTHER INVESTMENT

	----- Audited ----->				
	----- As at 31 May ----->				As at 31 October
	2020	2021	2022	2023	2023
	RM	RM	RM	RM	RM
Unquoted redeemable non-convertible cumulative preference shares, at cost	26,000,000	26,000,000	-	-	-
Unquoted redeemable convertible cumulative preference shares, at cost	-	-	26,000,000	-	-
	<u>26,000,000</u>	<u>26,000,000</u>	<u>26,000,000</u>	<u>-</u>	<u>-</u>

- (a) On 28 February 2022, the Group has exercised the right to the option to convert 26,000,000 of the redeemable non-convertible cumulative preference shares ("RNCPS") into redeemable convertible cumulative preference shares ("RCCPS") at RM1 per RCCPS.
- (b) On 19 October 2022, the subsidiary, AIWS declared and approved for payment of dividend in specie to all ordinary shareholders of AIWS whose names are registered in the Register of Members at the close of business on 19 October 2022 by way of transfer of its RCCPS. The RCCPS has been revalued to fair value of RM37,279,993 and AIWS realised a fair value gain of RM11,279,993.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

7. GOODWILL

- (a) The carrying amount of goodwill amounted to RM8,931,239 is derived from acquisition of a cash-generating unit, GS.
- (b) The Group has assessed the recoverable amounts 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 1 year (31.5.2023 - 1 year, 31.5.2022 - 1 year, 31.5.2021 - 5 years and 31.5.2020 - Nil). The key assumptions used in the determination of the recoverable amounts are as follows:-

	As at 31 May 2020 %	As at 31 May 2021 %	As at 31 May 2022 %	As at 31 May 2023 %	As at 31 October 2023 %
Gross margin	-	30	40	59	56
Growth rate	-	5	43	36	8
Discount rate	-	11.12	11.05	10.29	13.26

- (i) Budgeted gross margin Management determines budgeted gross margin based on past performance and its expectations of market development.
- (ii) Growth rate Based on the expected projection of the provision of specialised medical services.
- (iii) Discount rate (pre-tax) Reflects specific risks relating to the relevant cash-generating unit.
- (c) 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.
- (d) Management believes that there is no reasonably possible change in the above key assumptions applied that is likely to materially cause the cash-generating unit carrying amount to exceed its recoverable amount.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

8. DEFERRED TAX ASSETS/(LIABILITIES)

	----- Audited -----				As at 31 October 2023 RM
	----- As at 31 May -----				
	2020 RM	2021 RM	2022 RM	2023 RM	
Deferred tax assets	498,103	1,219,142	1,820,711	2,151,573	2,058,914
Deferred tax liabilities	-	(108,925)	(224,274)	(143,500)	(79,528)
	<u>498,103</u>	<u>1,110,217</u>	<u>1,596,437</u>	<u>2,008,073</u>	<u>1,979,386</u>

The movements in deferred taxation during the reporting periods are as follows:-

	----- Audited -----				As at 31 October 2023 RM
	----- As at 31 May -----				
	2020 RM	2021 RM	2022 RM	2023 RM	
At beginning of the financial year/period	17,873	498,103	1,110,217	1,596,437	2,008,073
Recognised in profit or loss (Note 28):					
- Contract liabilities	601,062	-	192,286	51,961	55,745
- Equipment	(190,048)	(106,450)	242,114	202,664	(86,284)
- Provision for restoration costs	69,216	-	57,504	22,655	4,244
- Unabsorbed capital allowances	-	-	-	35,639	-
- Unused tax losses	-	-	-	109,954	-
	<u>480,230</u>	<u>(106,450)</u>	<u>491,904</u>	<u>422,873</u>	<u>(26,295)</u>
Acquisition of a subsidiary (Note 30):					
- Contract liabilities	-	227,802	-	-	-
- Equipment	-	466,925	-	-	-
- Provision for restoration costs	-	26,312	-	-	-
	-	721,039	-	-	-
Exchange difference	-	(2,475)	(5,684)	(11,237)	(2,392)
At end of the financial year/period	<u>498,103</u>	<u>1,110,217</u>	<u>1,596,437</u>	<u>2,008,073</u>	<u>1,979,386</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

9. INVENTORIES

	----- Audited ----->				
	----- As at 31 May ----->				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
Trading goods	860,046	1,055,414	933,151	1,126,869	1,002,894
Consumables	375,671	1,086,559	860,342	1,562,964	1,682,947
	<u>1,235,717</u>	<u>2,141,973</u>	<u>1,793,493</u>	<u>2,689,833</u>	<u>2,685,841</u>
Recognised in profit or loss:- Inventories recognised as cost of sales	10,508,231	10,595,676	14,198,530	24,300,293	12,095,704

10. TRADE RECEIVABLES

The Group's normal trade credit terms range from 7 to 30 (31.5.2023 - 7 to 30, 31.5.2022 - 7 to 30, 31.5.2021 - 7 to 30 and 31.5.2020 - 7 to 30) days.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	----- Audited ----->				
	----- As at 31 May ----->				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
Other receivables:-					
Third parties	3,831,092	126,442	10,012	75,374	108
Amount owing by former holding company	1,697,784	8,468,848	8,874,908	-	-
	<u>5,528,876</u>	<u>8,595,290</u>	<u>8,884,920</u>	<u>75,374</u>	<u>108</u>
Deposits	758,562	975,589	820,071	785,858	1,072,563
Prepayments	474,896	660,322	1,316,121	1,968,979	1,302,975
	<u>6,762,334</u>	<u>10,231,201</u>	<u>11,021,112</u>	<u>2,830,211</u>	<u>2,375,646</u>

The amount owing by former holding company was non-trade in nature, bore an effective interest rate of Nil (31.5.2023 - Nil, 31.5.2022 - 4.05%, 31.5.2021 - 4.05% and 31.5.2020 - 4.05%) per annum, unsecured and repayable on demand. The amount owing was settled in cash.

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****12. SHORT-TERM INVESTMENTS**

	----- Audited ----->				As at 31 October 2023 RM
	----- As at 31 May ----->				
	2020 RM	2021 RM	2022 RM	2023 RM	
Money market funds, at fair value	6,138,068	2,099,318	12,071,514	27,050,391	29,232,292

13. FIXED DEPOSITS WITH A LICENSED BANK

The interest rate profile and maturity periods of fixed deposits with a licensed bank at the end of reporting period are as follows:-

	----- Audited ----->				As at 31 October 2023
	----- As at 31 May ----->				
	2020	2021	2022	2023	
Effective interest rates	Nil	0.5%	0.6%	2.95% to 3.40%	2.30% to 2.90%
Maturity periods (days)	Nil	180	90	5 - 92	9 - 20

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

14. SHARE CAPITAL

	←----->	Audited	----->	----->
	2020	2021	As at 31 May 2022	As at 31 October 2023
	←----->	←----->	←----->	←----->
	Number Of Shares			
Issued and Fully Paid-Up				
Ordinary Shares				
At beginning of the financial year/period	1,979,200	10,772,800	11,832,518	6,142,500,001
Issuance of new shares by AIWSS:				
- ordinary shares	729,600	-	-	-
- bonus shares	8,064,000	-	-	-
Issuance of new shares by AHIWS	-	59,717	59,717	1,099,730
Incorporation of the Company	-	1	-	-
Acquisition of a subsidiary	-	1,000,000	-	-
Change in ownership interests that do not result in loss of control	-	-	(5,036)	-
Issuance of new shares by the Company	-	-	-	-
Effect of acquisition of common control subsidiaries	-	-	6,142,500,000	-
Share consolidation by the Company	-	-	-	(1,647,000,001)
At end of the financial year/period	<u>10,772,800</u>	<u>11,832,518</u>	<u>11,887,199</u>	<u>4,495,500,000</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

14. SHARE CAPITAL (CONT'D)

	Audited			
	2020	2021	2022	2023
	Number Of Shares			
	As at 31 May 2021	As at 31 May 2022	As at 31 October 2023	As at 31 October 2023
Companies:-				
The Company	-	1	1	4,495,500,000
AIWS	1,488,000	1,488,000	1,488,000	-
AIWSS	9,196,800	9,196,800	9,196,800	-
GS	-	1,000,000	1,000,000	-
AHIWS	88,000	147,717	202,398	-
At end of the financial year/period	10,772,800	11,832,518	11,887,199	6,142,500,001
	4,495,500,000	4,495,500,000	4,495,500,000	4,495,500,000

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

14. SHARE CAPITAL (CONT'D)

	2020 RM	As at 31 May 2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	←----- Audited ----->				
Issued and Fully Paid-Up					
Ordinary Shares					
At beginning of the financial year/period	2,809,588	5,016,237	6,075,955	4,097,907	5,528,251
Issuance of new shares by AIWSS	2,206,649	-	-	-	-
Issuance of new shares by AHIWS	-	59,717	-	1,099,730	-
Incorporation of the Company	-	1	-	-	-
Acquisition of a subsidiary	-	1,000,000	-	-	-
Share capital reduction of a subsidiary	-	-	(1,974,370)	-	-
Change in ownership interests that do not result in loss of control	-	-	(3,678)	-	-
Issuance of new shares by the Company	-	-	-	5,528,250	-
Effect of acquisition of common control subsidiaries	-	-	-	(5,197,636)	-
At end of the financial year/period	<u>5,016,237</u>	<u>6,075,955</u>	<u>4,097,907</u>	<u>5,528,251</u>	<u>5,528,251</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

14. SHARE CAPITAL (CONT'D)

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	----- Audited ----->				
	<-----	As at 31 May			----->
Companies:-					
The Company	-	1	1	5,528,251	5,528,251
AIWS	1,488,000	1,488,000	1,488,000	-	-
AIWSS	3,426,113	3,426,113	1,451,743	-	-
GS	-	1,000,000	1,000,000	-	-
AHIWS	102,124	161,841	158,163	-	-
At end of the financial year/period	5,016,237	6,075,955	4,097,907	5,528,251	5,528,251

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****14. SHARE CAPITAL (CONT'D)**

- (a) 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.
- (b) On 18 July 2019, the subsidiary, AIWSS issued a total of 420,000 new ordinary shares for a cash consideration of RM1,270,275 (SGD420,000) where 201,600 new ordinary shares for a cash consideration of RM609,732 (SGD201,600) were attributable to the Group.
- (c) On 9 September 2019, the subsidiary, AIWSS issued a total of 840,000 new ordinary shares for a cash consideration of RM2,540,550 (SGD840,000) where 403,200 new ordinary shares for a cash consideration of RM1,219,464 (SGD403,200) were attributable to the Group.
- (d) On 12 September 2019, the subsidiary, AIWSS had issued a total of 16,800,000 bonus shares for every one fully paid ordinary share with no consideration for the holder of shares as at the date where 8,064,000 bonus shares were attributable to the Group.
- (e) On 29 November 2019, the subsidiary, AIWSS issued a total of 260,000 new ordinary shares for a cash consideration of RM786,361 (SGD260,000) where 124,800 new ordinary shares for a cash consideration of RM377,453 (SGD124,800) were attributable to the Group.
- (f) On 11 November 2020, the subsidiary, AHIWS issued a total of 67,860 new ordinary shares for a cash consideration of RM67,860 where 59,717 new ordinary shares for a cash consideration of RM59,717 were attributable to the Group.
- (g) On 10 February 2021, the Company issued a total of 1 new ordinary shares for a cash consideration of RM1.
- (h) On 22 March 2021, the former holding company owned by the common director had acquired additional equity interests in GS for a total consideration of RM8,145,256. Arising from the acquisition, GS with 1,000,000 ordinary shares amounting to RM1,000,000 were attributable to the Group. The details of the acquisition are disclosed in Note 30 to the financial statements.
- (i) On 24 June 2021, the subsidiary, AIWSS returned the excess capital of RM4,113,271 (SGD1,360,000) to its shareholders by way of capital reduction without change of issuance shares. The excess capital of RM1,974,370 which equivalent to 48% equity interests were attributable to the Group. The number of issued shares of 19,160,000 and 48% equity interest in AIWSS remain unchanged.

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****14. SHARE CAPITAL (CONT'D)**

- (j) On 9 November 2021, the subsidiary, AHIWS issued a total of 67,860 bonus shares on the basis of 0.40465 bonus shares for every one existing ordinary share held by the Register of Members as at the date where 59,717 bonus shares were attributable to the Group.
- (k) On 10 November 2021, a common director of the Group transferred a total of 5,036 ordinary shares of AHIWS for a cash consideration of RM3,678 to non-controlling interest. Following the transfer, the equity interest owned by the Group has been diluted from 88% to 86%.
- (l) On 26 October 2022, the subsidiary, AHIWS issued a total of 2,317,473 new ordinary shares for a total consideration of RM2,317,473 where 1,099,730 new ordinary shares of RM1,099,730 were attributable to the Group.
- (m) On 27 October 2022, the Company acquired 100% equity interest in AIWS, 76.51% equity interest in AIWSS and 100% equity interest in GS for a total consideration of RM5,528,250 which was satisfied via the issuance of 6,142,500,000 new ordinary shares of the Company.
- (n) On 7 August 2023, the Company consolidated the entire 6,142,500,001 ordinary shares into 4,495,500,000 ordinary shares on the basis of 1.3664 existing shares into 1 share.
- (o) The new ordinary shares and bonus shares issued rank equally in all respects with the existing ordinary shares of the Company.

For the purpose of this report, the total number of shares as at 31 May 2020, 31 May 2021 and 31 May 2022 represent the total aggregate number of issued and fully paid-up shares of all combined entities within the Group.

15. REORGANISATION RESERVE

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

16. FOREIGN EXCHANGE TRANSLATION RESERVE

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	Audited			
	As at 31 May		As at 31 October	
	2020	2021	2022	2023
	RM	RM	RM	RM
AIWS	9,001,171	10,841,642	15,435,023	-
AIWSS	2,469,227	4,030,132	3,086,931	1,969,261
AHIWS	(9,217)	(10,425)	(22,104)	988,046
	11,461,181	14,861,349	18,499,850	2,957,307
Effective Equity Interest	%	%	%	%
AIWS	38	38	38	-
AIWSS	52*	52*	52*	23.49
AHIWS	12	12	14	49
	100	100	100	100

* Although the Group owned less than half of the voting power in AIWSS, the Group has determined that there is a de facto control over AIWSS on the basis that remaining voting rights in this investee are widely dispersed and that there is no indication that all other shareholders exercise their votes collectively. The common director also has control over the operational and management policies in AIWSS.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	----- AIWS ----->				
	----- Audited ----->				
	----- As at 31 May ----->				
<u>At end of the year/period</u>					
Non-current assets	44,351,085	40,702,799	37,882,666	-	-
Current assets	16,475,399	15,254,981	30,274,731	-	-
Non-current liabilities	(19,253,080)	(17,865,267)	(16,258,032)	-	-
Current liabilities	(17,886,113)	(9,561,876)	(11,280,884)	-	-
Net assets	23,687,291	28,530,637	40,618,481	-	-

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	2020 RM	2021 RM	2022 RM	2023 RM	FPE 31 October 2023 RM
	<-----<	<-----<	<-----<	<-----<	<-----<
	AIWS ----->				
	Audited ----->				
<u>Financial Year/Period Ended</u>					
Revenue	61,267,863	34,790,829	44,394,238	-	-
Profit for the financial year/period	5,650,779	4,843,346	12,087,844	-	-
Total comprehensive income	5,650,779	4,843,346	12,087,844	-	-
Total comprehensive income attributable to non-controlling interests	2,147,296	1,840,471	4,593,381	-	-
Net cash from/(for)operating activities	21,158,309	(255,311)	17,590,880	-	-
Net cash (for)/from investing activities	(30,952,410)	(146,632)	14,351	-	-
Net cash from/(for) financing activities	7,795,221	(2,902,060)	(2,591,180)	-	-

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	2020	2021	2022	2023	As at 31 October 2023
<u>At end of the financial year/period</u>	RM	RM	RM	RM	RM
Non-current assets	12,277,317	9,654,400	7,153,684	4,883,147	3,647,950
Current assets	1,737,880	7,555,820	9,595,690	12,606,625	12,268,754
Non-current liabilities	(6,166,736)	(5,030,848)	(3,781,818)	(2,614,884)	(1,872,691)
Current liabilities	(3,099,947)	(4,429,118)	(7,031,150)	(6,491,488)	(7,019,202)
Net assets	4,748,514	7,750,254	5,936,406	8,383,400	7,024,811

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

		2020 RM	2021 RM	2022 RM	2023 RM	FPE 31 October 2023 RM
	<----->	----- AIWSS ----->				
	<----->	----- Audited ----->				
	<----->	----- FYE 31 May ----->				
Financial Year/Period Ended						
Revenue		7,686,971	25,077,862	30,837,180	30,425,747	13,345,858
(Loss)/Profit for the financial year/period		(2,234,037)	6,831,890	7,874,847	6,884,416	2,952,175
Total comprehensive (expenses)/income		(2,143,949)	7,007,503	7,855,304	7,393,094	3,064,689
Total comprehensive (expenses)/income attributable to non-controlling interests		(1,114,853)	3,643,902 (2,082,997)	4,084,758 (2,889,058)	1,736,638 (2,571,972)	719,896 (1,038,870)
Dividends paid to non-controlling interests		-				
Net cash from operating activities		2,413,208	11,083,849	13,221,099	9,117,389	4,757,297
Net cash for investing activities		(6,916,710)	(54,166)	(208,574)	(22,748)	(50,318)
Net cash from/(for) financing activities		3,638,011	(5,674,861)	(11,489,678)	(6,653,717)	5,249,634

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	2020	2021	2022	2023	2023	2023	2023	2023	2023
	RM	RM	RM	RM	RM	RM	RM	RM	RM
	2020	2021	2022	2023	2023	2023	2023	2023	2023
	RM	RM	RM	RM	RM	RM	RM	RM	RM
<u>At end of the financial year/period</u>									
Non-current assets	90,034	54,628	19,223	3,671,854	5,220,774				
Current assets	166,343	46,833	249,464	1,997,388	1,759,855				
Non-current liabilities	-	-	-	(3,460,097)	(3,437,773)				
Current liabilities	(333,199)	(188,338)	(426,573)	(192,726)	(1,820,118)				
Net (liabilities)/assets	(76,822)	(86,877)	(157,886)	2,016,419	1,722,738				

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	<-----<	<-----<	<-----<	<-----<	<-----<
<u>Financial Year/Period Ended</u>	2020	2021	2022	2023	FPE 31
	RM	RM	RM	RM	October
					2023
					RM
Revenue	-	14,562	27,186	11,118	3,301
Profit/(Loss) for the financial year/period	41,855	(77,915)	(71,009)	(143,168)	(293,681)
Total comprehensive income/(expenses)	41,855	(77,915)	(71,009)	(143,168)	(293,681)
Total comprehensive income/(expenses) attributable to non-controlling interests	5,023	(9,350)	(9,941)	(70,152)	(143,904)
Net cash (for)/from operating activities	(6,463)	(37,755)	237,031	(686,833)	1,166,940
Net cash for investing activities	-	-	-	(19,260)	(1,678,997)
Net cash from financing activities	-	-	-	2,076,963	-

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

18. LEASE LIABILITIES

	←-----<	----- Audited ----->			----->
	2020	As at 31 May	2022	2023	As at 31
	RM	2021	RM	RM	October
		RM			2023
					RM
At beginning of the financial year/period	16,988,877	15,699,228	18,605,981	16,707,693	18,859,452
Acquisition of a subsidiary (Note 30)	-	4,507,713	-	-	-
Additions	46,804	-	-	3,413,366	-
COVID-19 related rent concessions	(115,918)	(45,287)	-	-	-
Interest expense recognised in profit or loss	648,617	674,528	725,843	691,250	322,441
Changes due to lease modification	-	-	-	682,451	-
Repayment of principal	(1,299,112)	(1,639,873)	(2,000,687)	(2,233,073)	(1,004,127)
Repayment of interest expense	(648,617)	(674,528)	(725,843)	(677,739)	(254,078)
Exchange difference	78,577	84,200	102,399	275,504	78,886
At end of the financial year/period	<u>15,699,228</u>	<u>18,605,981</u>	<u>16,707,693</u>	<u>18,859,452</u>	<u>18,002,574</u>
Analysed by:-					
Current liabilities	1,649,313	2,009,515	2,170,728	2,429,214	2,629,608
Non-current liabilities	14,049,915	16,596,466	14,536,965	16,430,238	15,372,966
	<u>15,699,228</u>	<u>18,605,981</u>	<u>16,707,693</u>	<u>18,859,452</u>	<u>18,002,574</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

19. BORROWINGS

	←----- Audited -----→				
	←----- As at 31 May -----→				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
Non-current					
Term loans	10,654,285	9,993,096	8,844,525	3,029,245	-
Hire purchase payables	422,962	160,117	-	-	-
	<u>11,077,247</u>	<u>10,153,213</u>	<u>8,844,525</u>	<u>3,029,245</u>	<u>-</u>
Current					
Term loans	1,630,722	1,444,983	1,678,752	1,320,000	-
Hire purchase payables	688,506	1,076,690	92,338	-	-
Revolving credits	3,000,000	3,020,971	3,021,305	-	-
Bank overdraft	-	1,617	-	-	-
	<u>5,319,228</u>	<u>5,544,261</u>	<u>4,792,395</u>	<u>1,320,000</u>	<u>-</u>

- (a) The term loans and revolving credits of the Group were secured by:-
- (i) Debt Service Reserve Account with minimum balance to be maintained by the Group amounting to RM775,000; and
 - (ii) a joint and several guarantee of the directors and the former holding company.
- (b) The bank overdraft was secured by a pledge of properties of a director and a joint and several guarantee of the directors.
- (c) In the previous financial years, the term loan of the Group was secured by a pledge of third party's properties.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

19. BORROWINGS (CONT'D)

(d) The interest rate profile of the borrowings of the Group was summarised below:-

	Interest Rate	Effective Interest Rates				As at 31 October 2023
		As at 31 May 2020	As at 31 May 2021	As at 31 May 2022	As at 31 May 2023	
		%	%	%	%	%
Term loans	Floating	4.58 - 5.17	3.92 - 4.05	3.92 - 4.33	4.75	Nil
Hire purchase payables	Fixed	3.60 - 6.78	3.60 - 7.33	4.85 - 7.24	Nil	Nil
Revolving credits	Floating	4.05	4.05	4.05	Nil	Nil
Bank overdraft	Floating	Nil	6.67	Nil	Nil	Nil

20. PROVISION FOR RESTORATION COSTS

	----- Audited -----				As at 31 October 2023
	----- As at 31 May -----				
	2020	2021	2022	2023	
	RM	RM	RM	RM	RM
At beginning of the financial year/period	282,539	292,654	418,359	637,635	1,073,029
Acquisition of a subsidiary (Note 30)	-	114,570	-	-	-
Provision made during the financial year	-	-	196,497	410,364	-
Reassessment during the financial period	-	-	-	-	(28,309)
Unwinding of discount factor	10,115	11,135	22,779	11,240	23,645
Foreign currency translation differences	-	-	-	13,790	7,990
At end of the financial year/period	292,654	418,359	637,635	1,073,029	1,076,355

In accordance with the terms and conditions of the office and fertility centres lease agreements, the Group has an obligation to dismantle and remove structures on site and restore those sites at the end of the lease terms to an acceptable condition consistent with the lease agreements.

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****20. PROVISION FOR RESTORATION COSTS (CONT'D)**

The provision is estimated using the assumption that restoration will only take place upon expiry of the lease terms. Details of the lease terms and discount rates used to determine the obligation as at the reporting date are as follows:-

	←----- Audited ----->				
	←----- As at 31 May ----->				As at 31
	2020	2021	2022	2023	October 2023
Lease terms (years)	17	13 to 16	12 to 15	11 to 15	10 to 15
Discount rate (%) per annum	3.58	3.58	3.58 to 3.83	3.73 to 4.75	3.73 to 5.15

While the provision is based on the best estimate of future costs and the economic lives of the affected assets, there is uncertainty regarding both the amount and timing of incurring these costs. All the estimates are reviewed on an annual basis or more frequently, where there is indication of a material change.

21. TRADE PAYABLES

- (a) The normal trade credit terms granted to the Group range from 30 to 90 (31.5.2023 - 30 to 90, 31.5.2022 - 30 to 90, 31.5.2021 - 30 to 90 and 31.5.2020 - 30 to 60) days.
- (b) Included in trade payables of the Group is amount owing to related parties amounting to RM83,449 (31.5.2023 - RM99,046, 31.5.2022 - RM12,842, 31.5.2021 - RM30,498 and 31.5.2020 - RM39,664).

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

22. OTHER PAYABLES AND ACCRUALS

	----- Audited ----->				
	----- As at 31 May ----->				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
Other payables:-					
Third parties	412,325	543,835	1,238,509	1,262,312	1,115,231
Shareholders	-	-	-	20,000	532,000
Related parties	52,000	88,327	-	12,000	-
Goods and services tax payable	144,232	209,690	291,126	317,324	228,260
	608,557	841,852	1,529,635	1,611,636	1,875,491
Deposits received	-	-	35,000	-	-
Accruals	10,254,408	2,591,415	3,687,871	3,269,229	3,093,919
	<u>10,862,965</u>	<u>3,433,267</u>	<u>5,252,506</u>	<u>4,880,865</u>	<u>4,969,410</u>

The amount owing to shareholders is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

23. CONTRACT LIABILITIES

	----- Audited ----->				
	----- As at 31 May ----->				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
IVF and ancillary and freezing services	1,455,586	3,046,138	4,712,826	5,186,217	5,462,021

- (a) The contract liabilities primarily relate to advance considerations received from customers for IVF and ancillary and freezing services. The amount will be recognised as revenue when the performance obligations are satisfied.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

23. CONTRACT LIABILITIES (CONT'D)

(b) The changes to contract liability balances during the financial year/period are summarised below:-

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	----- Audited ----->				
	<----- As at 31 May ----->				
At beginning of the financial year/period	-	1,455,586	3,046,138	4,712,826	5,186,217
Acquisition of a subsidiary (Note 30)	-	836,018	-	-	-
Revenue recognised in profit or loss during the financial year/period	-	(1,454,773)	(3,043,944)	(4,722,590)	(5,191,003)
Advances received for future performance obligations	1,455,586	2,210,120	4,712,826	5,185,024	5,462,021
Exchange difference	-	(813)	(2,194)	10,957	4,786
At end of the financial year/period	<u>1,455,586</u>	<u>3,046,138</u>	<u>4,712,826</u>	<u>5,186,217</u>	<u>5,462,021</u>

(c) As at the end of the reporting period, the transaction price allocated to the unsatisfied performance obligation of contracts is as disclosed in Note 23(a) and (b) above. The performance obligation is expected to be recognised within 12 (31.5.2023 - 12, 31.5.2022 - 12, 31.5.2021 - 12 and 31.5.2020 - 12) months.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

24. AMOUNT OWING TO DIRECTORS

	←----- Audited -----→				
	←----- As at 31 May -----→				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
Non-trade balances:					
- interest-free	170,348	102,488	102,488	49,278	49,278
- interest- bearing loan	153,860	-	-	-	-
	<u>324,208</u>	<u>102,488</u>	<u>102,488</u>	<u>49,278</u>	<u>49,278</u>

- (i) The non-trade balances are unsecured and repayable on demand.
- (ii) In FYE 2020, the interest-bearing loan was unsecured and bore an interest rate of 2% per month.
- (iii) The amount owing is to be settled in cash.

25. DIVIDEND PAYABLE

	←----- Audited -----→				
	←----- As at 31 May -----→				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
First single-tier interim dividend of RM2.90 per ordinary share	-	-	2,900,000	-	-
First single-tier interim dividend of 0.209 sen per ordinary share	-	-	-	-	1,228,875
	<u>-</u>	<u>-</u>	<u>2,900,000</u>	<u>-</u>	<u>1,228,875</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

26. REVENUE

	←-----> 2020 RM	←-----> 2021 RM	-----> Audited FYE 31 May 2022 RM	-----> 2023 RM	←-----> Unaudited FPE 31 October 2022 RM	←-----> Audited 31 October 2023 RM
Revenue from Contracts with Customers						
<u>Recognised at a point in time</u>						
IVF and ancillary services	52,014,430	46,418,797	66,990,452	99,334,426	40,445,686	47,093,890
Sales of goods	12,817,689	11,720,339	18,032,900	29,107,455	11,724,195	14,459,485
	64,832,119	58,139,136	85,023,352	128,441,881	52,169,881	61,553,375
<u>Recognised over time</u>						
Freezing services	4,122,715	3,924,266	6,070,251	9,037,135	3,635,231	4,350,170
	68,954,834	62,063,402	91,093,603	137,479,016	55,805,112	65,903,545

(a) The information on the disaggregation of revenue by geographical market is disclosed in Note 35 to the financial statements.

(b) The information on transaction price allocated to unsatisfied and/or partially unsatisfied performance obligations as at the reporting date is disclosed in Note 23(c) to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

27. PROFIT BEFORE TAXATION

	←----->	Audited ----->	----->	Unaudited	Audited
	2020	FYE 31 May	2022	FPE 31 October	2023
	RM	RM	RM	RM	RM
Profit before taxation is arrived at after charging/(crediting):-	187,338	243,067	168,260	52,920	59,167
Auditors' remuneration	-	-	-	178,255	222,994
- statutory audit	-	-	-	-	-
- special audit	-	-	-	-	-
- overprovision in the previous financial year	742,613	953,929	1,378,806	842,451	899,286
Anaesthetist fees	-	-	-	-	-
Bad debts written off	-	-	-	-	-
COVID-19 related rent concessions	115,918	45,287	-	-	-
Depreciation:					
- equipment	6,338,412	5,244,635	5,797,035	1,990,980	1,916,351
- right-of-use assets	1,865,632	1,946,311	2,250,370	952,825	1,180,822
Directors' remuneration (Note 33)	17,787,450	8,889,397	12,309,742	6,386,630	6,816,788
Doctors' fee (including key management personnel as disclosed in Note 33)	9,614,695	9,811,753	14,461,263	8,387,471	8,922,037
Equipment written off	1,351	23,572	551	-	456
	19,569,212	19,569,212	19,569,212	8,387,471	8,922,037
	1,351	23,572	551	-	456

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

27. PROFIT BEFORE TAXATION (CONT'D)

	2020 RM	2021 RM	2022 RM	2023 RM	Unaudited <---- FPE 31 October 2022 RM	Audited <---- FPE 31 October 2023 RM
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-						
Interest expenses:						
- bank overdraft	42,718	1,676	28	-	-	-
- hire purchase payables	92,281	26,168	43,256	1,044	1,044	-
- lease liabilities	648,617	674,528	725,843	691,250	277,605	322,441
- revolving credits	69,000	20,971	121,500	9,321	9,321	-
- term loans	198,299	658,116	436,198	304,172	172,978	11,912
- unwinding of discount factor	10,115	11,135	22,779	11,240	4,635	23,645
- amount due to a director	73,005	3,053	-	-	-	-
Lease expenses:						
- short-term leases	44,600	38,000	1,800	-	-	-
- low-value assets	-	424	16,912	17,587	7,342	7,082
Loss on remeasurement of previously held equity shares	-	9,442,012	-	-	-	-
(Gain)/Loss on disposal of equipment	(4,991)	(53,028)	888	(14,124)	644	323
Realised loss/(gain) in foreign exchange	4,255	5,235	(3,589)	2,871	3,088	18,790

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

27. PROFIT BEFORE TAXATION (CONT'D)

	2020 RM	2021 RM	Audited FYE 31 May 2022 RM	2023 RM	Unaudited FPE 31 October 2022 RM	Audited 31 October 2023 RM
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-	6,083,794	5,773,875	8,901,479	10,924,678	4,104,190	4,560,734
Staff costs (including other key management personnel as disclosed in Note 33):	1,753,669	1,122,408	1,272,161	1,260,787	480,808	548,186
- salaries and other benefits			(6,906)	9,813	9,813	-
- defined contribution benefits			-	(11,279,993)	(11,279,993)	-
Fair value loss/(gain) on short-term investments	1,379	5,802	(462,626)	(46,667)	(25,863)	-
Fair value gain on other investment	-	-	-	-	-	-
Government grant income	(227,165)	(545,578)	(462,626)	(46,667)	(25,863)	-
Interest income:						
- short-term investments	(106,774)	(31,157)	(51,282)	(224,413)	(50,092)	(402,826)
- other receivables	-	(82,370)	(349,417)	(206,616)	(206,616)	-
- bank balances	(15,597)	(27,688)	(141,030)	(525,236)	(185,607)	(320,972)
Lease income:						
- lab equipment	(437,424)	(913,904)	(2,500)	(6,000)	(2,500)	(1,000)
- office	(156,376)	(326,714)	-	(7,380)	(6,150)	-
- utilities	(54,784)	(103,458)	-	-	-	-

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

28. INCOME TAX EXPENSE

	Audited		Unaudited		Audited	
	FYE 31 May		FPE 31 October		2023	
	2021	2022	2022	2022	2022	2023
	RM	RM	RM	RM	RM	RM
Current tax expense:-						
Malaysia:						
- current financial year/period	751,011	6,024,393	12,593,764	5,204,937	6,456,882	
- (over)/underprovision in the previous financial year/period	(15,044)	(67,755)	(1,337,325)	(47,937)	-	
- underprovision in the prior financial years	-	-	-	-	3,749	
	735,967	5,956,638	11,256,439	5,157,000	6,460,631	
Foreign:						
- current financial year/period	-	1,477,297	1,609,049	649,612	624,539	
- under/(over)provision in the previous financial year/period	-	1,893	(13,362)	(11,912)	10,773	
	-	1,479,190	1,595,687	637,700	635,312	
	735,967	7,435,828	12,852,126	5,794,700	7,095,943	
Deferred tax (Note 8):						
- current financial year/period	(110,992)	(614,503)	(445,582)	(64,419)	(66,364)	
- recognition of deferred tax assets previously not recognised	-	-	(90,720)	-	-	
- (under)/overprovision in the previous financial year/period	(369,238)	122,599	113,429	(92,214)	92,659	
	(480,230)	(491,904)	(422,873)	(156,633)	26,295	
	255,737	6,943,924	12,429,253	5,638,067	7,122,238	

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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:-

	2020 RM	2021 RM	2022 RM	2023 RM	Unaudited ← FPE 31 May → 2022 RM	Unaudited ← FPE 31 October → 2023 RM
Profit before taxation	3,714,334	4,835,646	29,928,285	67,218,866	34,587,980	28,326,983
Tax at the statutory tax rate of 24%	891,440	1,160,555	7,182,788	16,132,528	8,301,115	6,798,479
Tax effects of:-						
Non-deductible expenses	645,827	2,878,577	520,732	1,026,085	582,834	557,695
Non-taxable income	(115,459)	(161,948)	(109,396)	(2,757,757)	(2,802,696)	(109,583)
Tax incentives	(1,196,492)	(342,755)	(54,078)	(57,016)	(56,095)	(59,935)
(Over)/Underprovision of current tax:						
- in the previous financial year/period	(15,044)	8	(65,862)	(1,350,687)	(59,849)	10,773
- in the prior financial years	-	-	-	-	-	3,749
(Under)/Overprovision of deferred tax in the previous financial year/period	(369,238)	-	122,599	113,429	(92,214)	92,659
Differential in tax rates:						
- a local subsidiary	(42,000)	-	-	-	-	-
- a foreign subsidiary	156,383	(527,541)	(662,459)	(586,609)	(235,028)	(246,479)
Deferred tax assets not recognised during the financial year/period	316,612	13,200	9,600	-	-	74,880
Recognition of deferred tax assets previously not recognised	-	-	-	(90,720)	-	-
Utilisation of deferred tax assets previously not recognised	(16,292)	(489,554)	-	-	-	-
Income tax expense for the financial year/period	255,737	2,530,542	6,943,924	12,429,253	5,638,067	7,122,238

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year/period. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

28. INCOME TAX EXPENSE (CONT'D)

The temporary differences attributable to the deferred tax assets which are not recognised in the financial statements are as follows:-

	2020	2021	2022	2023	Unaudited FPE 31 October 2022	Audited 31 October 2023
	RM	RM	RM	RM	RM	RM
Unused tax losses:						
- expires year of assessment 2028	256,000	256,000	256,000	-	256,000	-
- expires year of assessment 2030	-	7,000	7,000	-	7,000	-
- expires year of assessment 2031	-	7,000	7,000	-	7,000	-
- expires year of assessment 2032	-	5,000	3,000	-	3,000	-
- expires year of assessment 2034	-	-	-	-	-	172,000
- foreign entity	2,039,808	-	-	-	-	-
Unabsorbed capital allowances	27,000	63,000	105,000	-	113,000	140,000
	2,322,808	338,000	378,000	-	386,000	312,000

Based on Malaysia's 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, whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

The use of tax losses of a subsidiary in Singapore is subject to the agreement of the tax authorities and compliance with certain provisions of tax legislation of the respective countries in which the subsidiary operates.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

29. EARNINGS/(LOSS) PER SHARE

	←-----> 2020	-----> Audited FYE 31 May 2021	-----> 2022	-----> 2023	-----> Unaudited FPE 31 October 2022	-----> Audited October 2023
Profit/(Loss) attributable to owners of the Company (RM)	2,467,977	(3,078,599)	14,306,001	53,242,615	28,394,739	20,655,183
Weighted average number of ordinary shares in issue	8,476,349	19,610,236	31,499,670	3,657,143,981	213,297,814	4,495,500,000
Basic earnings/(loss) per share (sen)	29.12	(15.70)	45.42	1.46	13.31	0.46

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

30. ACQUISITION OF A SUBSIDIARY

- (i) On 22 March 2021, the former holding company owned by the common director had acquired an additional 57.25% equity interests in GS for a total consideration of RM8,145,256. Consequently, from the additional acquisition, GS became a wholly-owned subsidiary of the former holding company.

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

(a) Identifiable Assets Acquired and Liabilities Assumed

	The Group 2021
	RM
Equipment (Note 4)	3,092,287
Right-of-use assets (Note 5)	4,435,354
Deferred tax assets (Note 8)	721,039
Inventories	729,325
Trade and other receivables	375,621
Current tax assets	531,518
Cash and bank balances	2,568,846
Lease liabilities (Note 18)	(4,507,713)
Hire purchase payables	(901,841)
Provision for restoration costs (Note 20)	(114,570)
Trade and other payables	(797,565)
Contract liabilities (Note 23(b))	(836,018)
	<hr/>
Net identifiable assets acquired	5,296,283

(b) Cash Flows Arising from Acquisition

	The Group 2021
	RM
Net cash inflow from the acquisition of a subsidiary	2,568,846

(c) Goodwill Arising from Acquisition

	The Group 2021
	RM
Total consideration transferred	8,145,256
Add: Fair value of existing equity in the former associate	6,082,266
Less: Fair value of net identifiable assets acquired	(5,296,283)
	<hr/>
Goodwill arising from the acquisition of a subsidiary	8,931,239

- (ii) On 27 October 2022, the Company entered into a corporate reorganisation and share swap arrangement with the existing shareholders of AIWS, AIWSS and GS. The details are disclosed in Note 38 to the combined and consolidated financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

31. DIVIDEND

	2020 RM	2021 RM	2022 RM	2023 RM	Unaudited FPE 31 October 2022 RM	Audited October 2023 RM
First single-tier interim dividend of 0.209 sen per ordinary share	-	-	-	-	-	9,395,595

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION

(a) The cash disbursed for the addition of right-of-use assets is as follows:-

	2020 RM	2021 RM	Audited FYE 31 May 2022 RM	Audited 2023 RM	Unaudited FPE 31 October 2022 RM	Audited October 2023 RM
Right-of-use assets						
Cost of right-of-use assets acquired (Note 5)	46,804	-	196,497	3,823,730	-	-
Less: Capitalisation through provision for restoration cost (Note 20)	-	-	(196,497)	(410,364)	-	-
Less: Addition of new lease liabilities (Note 18)	(46,804)	-	-	(3,413,366)	-	-
	-	-	-	-	-	-

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

	Amount Owing to Directors RM	Term Loans RM	Hire Purchase Payables RM	Revolving Credits RM	Lease Liabilities RM	Total RM
Audited						
31 May 2020						
At 1 June 2019	170,348	5,613,630	1,813,714	-	16,988,877	24,586,569
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	153,860	6,950,254	-	3,000,000	-	10,104,114
Repayment of principal	-	(278,877)	(702,246)	-	(1,299,112)	(2,280,235)
Repayment of interests	(73,005)	(198,299)	(92,281)	(69,000)	(648,617)	(1,081,202)
	80,855	6,473,078	(794,527)	2,931,000	(1,947,729)	6,742,677
<u>Other Changes</u>						
Acquisition of new leases	-	-	-	-	46,804	46,804
COVID-19-related rent concessions	-	-	-	-	(115,918)	(115,918)
Foreign exchange difference	-	-	-	-	78,577	78,577
Interest expense recognised in profit or loss	73,005	198,299	92,281	69,000	648,617	1,081,202
	73,005	198,299	92,281	69,000	658,080	1,090,665
At 31 May 2020	324,208	12,285,007	1,111,468	3,000,000	15,699,228	32,419,911

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

Audited	Amount Owing to Directors RM	Term Loans RM	Hire Purchase Payables RM	Revolving Credits RM	Lease Liabilities RM	Total RM
31 May 2021						
At 1 June 2020	324,208	12,285,007	1,111,468	3,000,000	15,699,228	32,419,911
<u>Changes in Financing Cash Flows</u>						
Repayment of principal	(152,655)	(846,928)	(776,502)	-	(1,639,873)	(3,415,958)
Repayment of interests	(3,053)	(658,116)	(26,168)	-	(674,528)	(1,361,865)
	(155,708)	(1,505,044)	(802,670)	-	(2,314,401)	(4,777,823)
<u>Other Changes</u>						
Acquisition of a subsidiary	-	-	901,841	-	4,507,713	5,409,554
Capitalisation of amount owing to director	(67,860)	-	-	-	-	(67,860)
COVID-19-related rent concessions	-	-	-	-	(45,287)	(45,287)
Foreign exchange difference	(1,205)	-	-	-	84,200	82,995
Interest expense recognised in profit or loss	3,053	658,116	26,168	20,971	674,528	1,382,836
	(66,012)	658,116	928,009	20,971	5,221,154	6,762,238
At 31 May 2021	102,488	11,438,079	1,236,807	3,020,971	18,605,981	34,404,326

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

Audited	Amount Owing to Directors RM	Term Loans RM	Hire Purchase Payables RM	Revolving Credits RM	Lease Liabilities RM	Total RM
31 May 2022						
At 1 June 2021	102,488	11,438,079	1,236,807	3,020,971	18,605,981	34,404,326
<u>Changes in Financing Cash Flows</u>						
Repayment of principal	-	(914,802)	(1,144,469)	-	(2,000,687)	(4,059,958)
Repayment of interests	-	(436,198)	(43,256)	(121,166)	(725,843)	(1,326,463)
<u>Other Changes</u>	-	(1,351,000)	(1,187,725)	(121,166)	(2,726,530)	(5,386,421)
Foreign exchange difference	-	-	-	-	102,399	102,399
Interest expense recognised in profit or loss	-	436,198	43,256	121,500	725,843	1,326,797
At 31 May 2022	102,488	10,523,277	92,338	3,021,305	16,707,693	30,447,101

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

Audited	Amount Owing to Directors RM	Term Loans RM	Hire Purchase Payables RM	Revolving Credits RM	Lease Liabilities RM	Total RM
31 May 2023						
At 1 June 2022	102,488	10,523,277	92,338	3,021,305	16,707,693	30,447,101
<u>Changes in Financing Cash Flows</u>						
Repayment of principal	(23,925)	(6,174,032)	(92,338)	(3,021,305)	(2,233,073)	(11,544,673)
Repayment of interests	-	(304,172)	(1,044)	(9,321)	(677,739)	(992,276)
	(23,925)	(6,478,204)	(93,382)	(3,030,626)	(2,910,812)	(12,536,949)
<u>Other Changes</u>						
Issuance of ordinary shares	(29,285)	-	-	-	-	(29,285)
Foreign exchange difference	-	-	-	-	275,504	275,504
Acquisition of new lease	-	-	-	-	3,413,366	3,413,366
Modification of lease	-	-	-	-	682,451	682,451
Interest expense recognised in profit or loss	-	304,172	1,044	9,321	691,250	1,005,787
	(29,285)	304,172	1,044	9,321	5,062,571	5,347,823
At 31 May 2023	49,278	4,349,245	-	-	18,859,452	23,257,975

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

	Amount Owning to Directors RM	Term Loans RM	Hire Purchase Payables RM	Revolving Credits RM	Lease Liabilities RM	Total RM
Unaudited						
31 October 2022						
At 1 June 2022	102,488	10,523,277	92,338	3,021,305	16,707,693	30,447,101
<u>Changes in Financing Cash Flows</u>						
Repayment of principal	(23,925)	(5,402,197)	(92,338)	(3,021,305)	(893,484)	(9,433,249)
Repayment of interests	-	(172,978)	(1,044)	(9,321)	(277,605)	(460,948)
	(23,925)	(5,575,175)	(93,382)	(3,030,626)	(1,171,089)	(9,894,197)
<u>Other Changes</u>						
Issuance of ordinary shares	(29,285)	-	-	-	-	(29,285)
Foreign exchange difference	-	-	-	-	218,903	218,903
Interest expense recognised in profit or loss	-	172,978	1,044	9,321	277,605	460,948
	(29,285)	172,978	1,044	9,321	496,508	650,566
At 31 October 2022	49,278	5,121,080	-	-	16,033,112	21,203,470

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

Audited	Amount Owing to Directors RM	Term Loans RM	Lease Liabilities RM	Total RM
31 October 2023				
At 1 June 2023	49,278	4,349,245	18,859,452	23,257,975
<u>Changes in Financing Cash Flows</u>				
Repayment of principal	-	(4,349,245)	(1,004,127)	(5,353,372)
Repayment of interests	-	(11,912)	(254,078)	(265,900)
<u>Other Changes</u>	-	(4,361,157)	(1,258,205)	(5,619,362)
Foreign exchange difference	-	-	78,886	78,886
Interest expense recognised in profit or loss	-	11,912	322,441	334,353
	-	11,912	401,327	413,239
At 31 October 2023	49,278	-	18,002,574	18,051,852

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

	←----->	Audited ----->	←----->	Unaudited	Audited
	2020	FYE 31 May	2023	FPE 31	October
	RM	2021	2023	2022	2023
		RM	RM	RM	RM
Interest paid on lease liabilities	648,617	674,528	677,739	277,605	254,078
Payment of lease liabilities	1,299,112	1,639,873	2,233,073	893,484	1,004,127
Payment of short-term leases	44,600	38,000	-	-	-
Payment of low-value assets	-	424	17,587	7,342	7,082
	<u>1,992,329</u>	<u>2,352,825</u>	<u>2,928,399</u>	<u>1,178,431</u>	<u>1,265,287</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

	2020 RM	2021 RM	Audited FYE 31 May 2022 RM	2023 RM	Unaudited FPE 31 October 2022 RM	Audited October 2023 RM
Fixed deposits with a licensed bank	-	626,379	958,410	8,579,863	3,357,094	5,280,735
Cash and bank balances	1,762,478	8,225,998	19,337,586	19,951,929	27,061,349	30,569,116
Bank overdraft	-	(1,617)	-	-	-	-
Short-term investments	6,138,068	2,099,318	12,071,514	27,050,391	51,348	29,232,292
	7,900,546	10,950,078	32,367,510	55,582,183	30,469,791	65,082,143
Less: Fixed deposits with tenure of more than 3 months	-	(626,379)	-	-	-	-
	7,900,546	10,323,699	32,367,510	55,582,183	30,469,791	65,082,143

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

33. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel 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:-

	Audited FYE 31 May 2021		Audited FYE 31 May 2022		Unaudited FPE 31 October 2022		Audited FYE 31 October 2023	
	RM	RM	RM	RM	RM	RM	RM	RM
<u>Directors of the Group</u>								
Short-term employee benefits:								
- fees	319,107	549,563	670,356	864,773	289,728	267,970		
- salaries, bonuses and other benefits	12,513,951	2,458,562	2,605,799	2,223,166	999,170	1,083,031		
	12,833,058	3,008,125	3,276,155	3,087,939	1,288,898	1,351,001		
Defined contribution benefits	1,601,527	419,183	463,135	386,051	159,095	160,062		
Doctors' fee*	3,352,865	5,462,089	8,570,452	11,605,794	4,938,637	5,305,725		
Total directors' remuneration (Note 27)	17,787,450	8,889,397	12,309,742	15,079,784	6,386,630	6,816,788		
<u>Other key management personnel</u>								
Salaries, bonuses and other benefits	108,627	311,337	379,350	563,513	163,463	301,276		
Defined contribution benefits	13,044	36,576	43,806	67,256	19,532	36,000		
Total compensation for other key management personnel	121,671	347,913	423,156	630,769	182,995	337,276		

* Included in doctors' fee is an amount received on behalf by CLSS Medical Sdn. Bhd. amounting to Nil (31.5.2023 - Nil, 31.10.2022 - Nil, 31.5.2022 - Nil, 31.5.2022 - RM600,172, 31.5.2021 - RM725,288 and 31.5.2020 - RM468,185).

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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 financial statements, the Group has related party relationships with its directors who are the key management personnel and entities within the same group of companies.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

34. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related Party Transactions and Balances

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

	2020		2021		2022		2023		Unaudited FPE 31 October 2022		Audited 2023	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<u>Former Holding Company</u>												
Interest income received/receivable from	-	82,370	349,417	206,616	206,616	206,616	-	-	206,616	-	-	-
Advances to	(225,742)	(8,067,059)	(56,644)	(12,350,000)	(12,350,000)	(12,350,000)	-	-	(12,350,000)	-	-	-
Dividend paid/payable to	-	(3,922,766)	(5,566,822)	(38,059,724)	(38,059,724)	(38,059,724)	-	-	(38,059,724)	-	-	-
<u>Directors</u>												
Administrative fee income charged to	-	11,312	70,021	75,216	75,216	75,216	29,498	29,498	32,533	29,498	29,498	29,498
Advances from	769,300	-	-	49,278	49,278	49,278	-	-	49,278	-	-	-
Consultancy services provided from	(3,109,913)	(5,054,526)	(8,260,917)	(11,970,572)	(11,970,572)	(11,970,572)	(5,468,578)	(5,468,578)	(5,065,205)	(5,468,578)	(5,468,578)	(5,468,578)
<u>Related parties</u>												
Expenses charged to	337	50,440	142,871	16,332	16,332	16,332	-	-	12,302	-	-	-
IVF and storage services provided to	-	-	649,319	991,518	991,518	991,518	193,250	193,250	453,400	193,250	193,250	193,250
Sales of equipment to	-	-	-	19,000	19,000	19,000	-	-	-	-	-	-
Sales to	418,341	-	3,127	263	263	263	105	105	263	105	105	105
Consultancy services provided from	(853,278)	(729,608)	(893,212)	(256,800)	(256,800)	(256,800)	(71,040)	(71,040)	(131,520)	(71,040)	(71,040)	(71,040)
Marketing administrative service fees paid to	-	-	-	-	-	-	-	-	-	-	-	(100)
Purchase from	(40,854)	(65,518)	(99,571)	(40,588)	(40,588)	(40,588)	(10,294)	(10,294)	(20,000)	(10,294)	(10,294)	(10,294)
Sperm sorting services provided from	(1,336,638)	(98,252)	(135,757)	(332,624)	(332,624)	(332,624)	(216,511)	(216,511)	(102,744)	(216,511)	(216,511)	(216,511)
Investment in RNCPS	(26,000,000)	-	-	-	-	-	-	-	-	-	-	-

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS

Segment information has not been prepared as the Group's business is focused only in the business of operating women's specialists centre and provision of medical consultants and specialised medical services.

The Group Managing Director reviews the business performance of the Group as a whole and management monitors the operating results of its business for the purpose of making decisions on resources allocation and performance assessment.

35.1 BUSINESS SEGMENT

The Group operates predominantly in one business segment in Malaysia and Singapore. Accordingly, the information by business segments is not presented.

35.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the services are performed.

Non-current assets are determined according to the country where these assets are located. The amount of non-current assets do not include financial instruments and deferred tax assets.

	Note	←----- Audited -----→		←----- Audited -----→		Unaudited	
		2020	2021	FYE 31 May	2023	FPE 31 October	2023
		RM	RM	RM	RM	RM	RM
<u>Revenue</u>							
Malaysia	(a)	61,267,863	36,985,540	60,256,423	107,053,269	42,979,224	52,557,687
Singapore		7,686,971	25,077,862	30,837,180	30,425,747	12,825,888	13,345,858
		<u>68,954,834</u>	<u>62,063,402</u>	<u>91,093,603</u>	<u>137,479,016</u>	<u>55,805,112</u>	<u>65,903,545</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.2 GEOGRAPHICAL INFORMATION (CONT'D)

	2020 RM	2021 RM	2022 RM	2023 RM	Unaudited FPE 31 October 2022 RM	Audited October 2023 RM
	←----->	←----->	←----->	←----->	←----->	←----->
	Audited FYE 31 May					
<u>Non-current assets</u>						
Malaysia	17,943,016	30,236,639	25,420,131	26,440,324	23,942,428	27,597,389
Singapore	12,277,317	9,654,400	7,153,684	4,883,147	6,220,098	3,647,950
	<u>30,220,333</u>	<u>39,891,039</u>	<u>32,573,815</u>	<u>31,323,471</u>	<u>30,162,526</u>	<u>31,245,339</u>

(a) The revenue is derived from services performed in Malaysia to both local and foreign patients.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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:-

	←----- 2020 RM	←----- Audited FYE 31 May 2021 RM	←----- 2022 RM	←----- 2023 RM	←----- Unaudited FPE 31 October 2022 RM	←----- Audited October 2023 RM
<u>At point in time</u>						
Malaysia	57,178,730	33,471,267	55,168,604	99,314,520	39,841,304	48,804,394
Singapore	7,653,389	24,667,869	29,854,748	29,127,361	12,328,577	12,748,981
	<u>64,832,119</u>	<u>58,139,136</u>	<u>85,023,352</u>	<u>128,441,881</u>	<u>52,169,881</u>	<u>61,553,375</u>
<u>Over time</u>						
Malaysia	4,089,133	3,514,273	5,087,819	7,738,749	3,137,920	3,753,293
Singapore	33,582	409,993	982,432	1,298,386	497,311	596,877
	<u>4,122,715</u>	<u>3,924,266</u>	<u>6,070,251</u>	<u>9,037,135</u>	<u>3,635,231</u>	<u>4,350,170</u>
	<u>68,954,834</u>	<u>62,063,402</u>	<u>91,093,603</u>	<u>137,479,016</u>	<u>55,805,112</u>	<u>65,903,545</u>

35.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

36. CAPITAL COMMITMENT

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
Purchase of equipment	-	-	-	2,760,762	2,226,667

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 respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Indonesian Rupiah ("IDR"), Australian Dollar ("AUD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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:-

Foreign Currency Exposure

	USD RM	SGD RM	TOTAL RM
Audited			
31 May 2020			
<u>Financial Assets</u>			
Trade receivables	-	407,437	407,437
Other receivables	-	129,313	129,313
Cash and bank balances	-	259,633	259,633
	-	796,383	796,383
<u>Financial Liabilities</u>			
Trade payables	128,893	388,047	516,940
Other payables and accruals	-	1,058,553	1,058,553
Amount owing to a director	-	153,860	153,860
	128,893	1,600,460	1,729,353
Net financial liabilities	(128,893)	(804,077)	(932,970)
Less: Net financial liabilities denominated in the entity's functional currency	-	804,077	804,077
Currency Exposure	(128,893)	-	(128,893)

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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)

Foreign Currency Exposure (Cont'd)

	USD RM	SGD RM	TOTAL RM
Audited			
31 May 2021			
<u>Financial Assets</u>			
Trade receivables	-	857,128	857,128
Other receivables	-	43,737	43,737
Fixed deposits with a licensed bank	-	626,379	626,379
Cash and bank balances	-	5,116,507	5,116,507
	-	6,643,751	6,643,751
<u>Financial Liabilities</u>			
Trade payables	29,421	353,567	382,988
Other payables and accruals	-	1,643,939	1,643,939
	29,421	1,997,506	2,026,927
Net financial (liabilities)/assets	(29,421)	4,646,245	4,616,824
Less: Net financial assets denominated in the entity's functional currency	-	(4,646,245)	(4,646,245)
Currency Exposure	(29,421)	-	(29,421)

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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)

Foreign Currency Exposure (Cont'd)

Audited

31 May 2022

Financial Assets

Trade receivables	-	-	-	1,166,270	1,166,270
Fixed deposits with a licensed bank	-	-	-	958,410	958,410
Cash and bank balances	-	-	-	6,337,524	6,337,524
	-	-	-	8,462,204	8,462,204

Financial Liabilities

Trade payables	6,493	-	-	472,103	478,596
Other payables and accruals	8,600	5,497	2,821,339		2,835,436
	15,093	5,497	3,293,442		3,314,032
Net financial (liabilities)/assets	(15,093)	(5,497)	5,168,762		5,148,172
Less: Net financial assets denominated in the entity's functional currency	-	-	(5,168,762)		(5,168,762)
Currency Exposure	(15,093)	(5,497)	-		(20,590)

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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)

Foreign Currency Exposure (Cont'd)

Audited

31 May 2023

Financial Assets

Trade receivables	-	-	823,954	823,954
Fixed deposits with a licensed bank	-	-	8,579,863	8,579,863
Cash and bank balances	-	-	1,905,617	1,905,617
	-	-	11,309,434	11,309,434

Financial Liabilities

Trade payables	75,020	12,677	491,500	579,197
Other payables and accruals	-	-	1,796,274	1,796,274
	75,020	12,677	2,287,774	2,375,471

Net financial (liabilities)/assets
Less: Net financial assets denominated in the entity's functional
currency

Currency Exposure	(75,020)	(12,677)	-	(87,697)
-------------------	----------	----------	---	----------

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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)

Foreign Currency Exposure (Cont'd)

	USD RM	SGD RM	TOTAL RM
Audited			
31 October 2023			
<u>Financial Assets</u>			
Trade receivables	-	1,122,348	1,122,348
Fixed deposits with a licensed bank	-	5,280,735	5,280,735
Cash and bank balances	-	4,899,841	4,899,841
	-	11,302,924	11,302,924
<u>Financial Liabilities</u>			
Trade payables	107,275	475,886	583,161
Other payables and accruals	-	2,251,947	2,251,947
	107,275	2,727,833	2,835,108
Net financial (liabilities)/assets	(107,275)	8,575,091	8,467,816
Less: Net financial assets denominated in the entity's functional currency	-	(8,575,091)	(8,575,091)
Currency Exposure	(107,275)	-	(107,275)

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND 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)***Foreign Currency Risk Sensitivity Analysis*

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

(ii) Interest Rate Risk

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

The Group's fixed deposits with a licensed bank 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 is disclosed in Note 19 to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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 (Cont'd)

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:-

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	←	←	←	←	←
	----- Audited ----->				
Effects on Profit After Taxation/ Other Comprehensive Income					
Increase of 100 basis points	(152,850)	(144,607)	(135,446)	(43,492)	-
Decrease of 100 basis points	152,850	144,607	135,446	43,492	-

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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 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

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables 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 and cash and bank balances), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk related to the trade receivables at the end of the reporting period are as follows:-

	----- Audited ----->				
	<----- As at 31 May ----->				As at 31 October
	2020	2021	2022	2023	2023
Number of customers	1	3	4	4	4
Concentration of credit risk	51%	70%	68%	65%	71%

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(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 statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of 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 90 days past due.

Trade receivables

The Group applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss allowance for its trade receivables. To measure the expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts.

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.

Allowance for Impairment Losses

The Group believes that no impairment allowance is necessary in respect of its trade receivables because the probability of default by these trade receivables were negligible.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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

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

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

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

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with a Licensed Bank, 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.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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 payment 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
Audited					
31 May 2020					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	15,699,228	19,485,616	2,298,794	9,532,912	7,653,910
Term loans	12,285,007	14,964,564	6,756,215	3,898,629	4,309,720
Hire purchase payables	1,111,468	1,169,224	737,216	432,008	-
Trade payables	1,574,439	1,574,439	1,574,439	-	-
Other payables and accruals	10,718,733	10,718,733	10,718,733	-	-
Revolving credits	3,000,000	3,000,000	3,000,000	-	-
Amount owing to directors	324,208	324,208	324,208	-	-
	44,713,083	51,236,784	25,409,605	13,863,549	11,963,630

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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 payment 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
Audited					
31 May 2021					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	18,605,981	22,840,701	2,737,318	9,105,452	10,997,931
Term loans	11,438,079	13,741,067	1,880,503	7,823,905	4,036,659
Hire purchase payables	1,236,807	1,284,451	1,117,238	167,213	-
Trade payables	1,757,596	1,757,596	1,757,596	-	-
Other payables and accruals	3,223,577	3,223,577	3,223,577	-	-
Revolving credits	3,020,971	3,020,971	3,020,971	-	-
Amount owing to directors	102,488	102,488	102,488	-	-
Bank overdraft	1,617	1,617	1,617	-	-
	39,387,116	45,972,468	13,841,308	17,096,570	15,034,590

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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 payment 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
Audited					
31 May 2022					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	16,707,693	20,224,694	2,806,762	8,843,279	8,574,653
Term loans	10,523,277	12,449,581	2,113,498	6,900,526	3,435,557
Hire purchase payables	92,338	93,382	93,382	-	-
Trade payables	2,108,716	2,108,716	2,108,716	-	-
Other payables and accruals	4,926,380	4,926,380	4,926,380	-	-
Revolving credits	3,021,305	3,021,305	3,021,305	-	-
Amount owing to directors	102,488	102,488	102,488	-	-
Dividend payable	2,900,000	2,900,000	2,900,000	-	-
	40,382,197	45,826,546	18,072,531	15,743,805	12,010,210

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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 payment 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
Audited					
31 May 2023					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	18,859,452	23,462,919	3,003,843	8,246,382	12,212,694
Term loans	4,349,245	4,627,411	1,497,852	3,129,559	-
Trade payables	3,159,193	3,159,193	3,159,193	-	-
Other payables and accruals	4,563,541	4,563,541	4,563,541	-	-
Amount owing to directors	49,278	49,278	49,278	-	-
	30,980,709	35,862,342	12,273,707	11,375,941	12,212,694

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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 payment 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
Audited					
31 October 2023					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	18,002,574	22,287,914	3,282,844	7,533,813	11,471,257
Trade payables	2,792,724	2,792,724	2,792,724	-	-
Other payables and accruals	4,741,150	4,741,150	4,741,150	-	-
Amount owing to directors	49,278	49,278	49,278	-	-
Dividend payable	1,228,875	1,228,875	1,228,875	-	-
	26,814,601	31,099,941	12,094,871	7,533,813	11,471,257

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities 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 cash equivalents. 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:-

	Audited			
	2020	2021	2022	2023
	RM	RM	RM	RM
	2020	2021	2022	2023
	RM	RM	RM	RM
Lease liabilities	15,699,228	18,605,981	16,707,693	18,859,452
Terms loans	12,285,007	11,438,079	10,523,277	4,349,245
Hire purchase payables	1,111,468	1,236,807	92,338	-
Revolving credits	3,000,000	3,020,971	3,021,305	-
Bank overdrafts	-	1,617	-	-
	32,095,703	34,303,455	30,344,613	23,208,697
Less: Cash and cash equivalents	(7,900,546)	(10,323,699)	(32,367,510)	(55,582,183)
Net debts/(Net cash)	24,195,157	23,979,756	(2,022,897)	(32,373,486)
Total equity	28,358,983	48,571,332	58,966,999	54,554,542
Debt-to-equity ratio	0.85	0.49	*	*

* Not applicable as the Group's cash and cash equivalents exceeded its borrowings.

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	<----- Audited ----->				
	<----- As at 31 May ----->				
Financial Assets					
<u>Fair Value Through Profit or Loss</u>					
Short-term investments	6,138,068	2,099,318	12,071,514	27,050,391	29,232,292
<u>Amortised Cost</u>					
Other investment	26,000,000	26,000,000	26,000,000	-	-
Trade receivables	499,714	1,115,901	1,478,720	1,275,421	1,645,406
Other receivables	5,528,876	8,595,290	8,884,920	75,374	108
Fixed deposits with a licensed bank	-	626,379	958,410	8,579,863	5,280,735
Cash and bank balances	1,762,478	8,225,998	19,337,586	19,951,929	30,569,116
	33,791,068	44,563,568	56,659,636	29,882,587	37,495,365

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	Audited			
	2020	2021	2022	2023
	RM	RM	RM	RM
	2020	As at 31 May 2021	As at 31 May 2022	As at 31 October 2023
	RM	RM	RM	RM
Financial Liability				
<u>Amortised Cost</u>				
Term loans	12,285,007	11,438,079	10,523,277	4,349,245
Hire purchase payables	1,111,468	1,236,807	92,338	-
Trade payables	1,574,439	1,757,596	2,108,716	3,159,193
Other payables and accruals	10,718,733	3,223,577	4,926,380	4,563,541
Revolving credits	3,000,000	3,020,971	3,021,305	-
Amount owing to directors	324,208	102,488	102,488	49,278
Bank overdraft	-	1,617	-	-
Dividend payable	-	-	2,900,000	1,228,875
	29,013,855	20,781,135	23,674,504	12,121,257
				8,812,027

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	←	←	←	←	←
	----- Audited -----				
Financial Assets					
Fair Value Through Profit or Loss					
Net gains recognised in profit or loss	106,774	31,157	58,188	214,600	402,826
<u>Amortised Cost</u>					
Net gains recognised in profit or loss	9,901	104,823	494,036	11,963,783	321,152
Financial Liability					
<u>Amortised Cost</u>					
Net losses recognised in profit or loss	(479,559)	(674,593)	(597,393)	(317,145)	(30,882)

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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:-

Audited	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 May 2020								
<u>Financial Asset</u>								
Short-term investments:								
- money market funds	-	6,138,068	-	-	-	-	6,138,068	6,138,068
<u>Financial Liability</u>								
Term loans	-	-	-	-	12,285,007	-	12,285,007	12,285,007
Hire purchase payables	-	-	-	-	1,137,461	-	1,137,461	1,111,468
	-	-	-	-	13,422,468	-	13,422,468	13,396,475

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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
Audited								
31 May 2021								
<u>Financial Asset</u>								
Short-term investments:								
- money market funds	-	2,099,318	-	-	-	-	2,099,318	2,099,318
<u>Financial Liability</u>								
Term loans	-	-	-	-	11,438,079	-	11,438,079	11,438,079
Hire purchase payables	-	-	-	-	1,237,271	-	1,237,271	1,236,807
	-	-	-	-	12,675,350	-	12,675,350	12,674,886

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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
Audited								
31 May 2022								
Financial Asset								
Short-term investments:								
- money market funds	-	12,071,514	-	-	-	-	12,071,514	12,071,514
Financial Liability								
Term loans	-	-	-	-	10,523,277	-	10,523,277	10,523,277
Hire purchase payables	-	-	-	-	94,945	-	94,945	92,338
	-	-	-	-	10,618,222	-	10,618,222	10,615,615

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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
Audited								
31 May 2023								
Financial Asset								
Short-term investments:								
- money market funds	-	27,050,391	-	-	-	-	27,050,391	27,050,391
<u>Financial Liability</u>								
Term loans	-	-	-	-	4,349,245	-	4,349,245	4,349,245

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND 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
Audited								
31 October 2023								
Financial Asset								
Short-term investments:								
- money market funds	-	29,232,292	-	-	-	-	29,232,292	29,232,292

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND 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

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

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

- (i) The fair value of hire purchase that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period.
- (ii) The fair value of 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.

38. SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

- (a) Prior to the Proposed Listing, the Company has acquired AIWS (100%), AIWSS (76.51%), GS (100%) and AHIWS (51.00%). On 27 October 2022, the Company had entered into a Share Sale Agreement for the acquisition of AIWS, AIWSS and GS through issuance of new ordinary shares as shown below. The Share Sale Agreement was completed on 27 October 2022.

	AIWS	AIWSS	GS	Total
Purchase consideration (RM)	3,334,548	523,775	1,669,927	5,528,250
Issuance of new ordinary shares (number of shares)	3,705,052,917	581,972,141	1,855,474,942	6,142,500,000
Issue price per shares (RM)	0.0009	0.0009	0.0009	0.0009

AIWS had on 26 October 2022, subscribed for 1,099,730 shares in AHIWS, representing 43.07% equity interest in AHIWS for a cash consideration of RM1.00 per share in AHIWS. On 7 November 2022, AIWS acquired an additional 202,398 shares in AHIWS for RM1.00 per share increasing its total equity interest in AHIWS to 51.00%.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****38. SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (CONT'D)**

- (b) On 22 December 2023, the Company entered into an agreement with PT Hotel Indonesia Natour ("HIN") to among others, reserve the leasing of a plot of land with total land area of approximately 6,000 sq. m, in the Health Tourism Special Economic Zone in Bali, Indonesia to set up a new specialist centre. HIN operates in the field of hospitality services and is a state-owned enterprise under the holding company PT Aviassi Wisata Indonesia (Injourney) that oversees the tourism and aviation industry in Indonesia. The Company had on 27 December 2023 paid HIN a booking fee of Indonesian Rupiah 11,880,000,000 (approximately RM3.65 million) to reserve the land for leasing. The leasing of the said land is subject to announcement by HIN on the selected tenant for the said land and, if the Company is selected, the execution of a definitive agreement between the Company and HIN.
- (c) On 23 January 2024, the Company declared a second single-tier interim dividend of 0.489 sen per ordinary share amounting to RM21,982,995 in respect of the financial year ending 31 May 2024, payable on 24 January 2024, to shareholders whose names are registered in the Register of Members at the close of business on 23 January 2024.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**STATEMENT BY DIRECTORS**

We, Dato' Dr. Lee Soon Soo and Dr. Ng Peng Wah, being two of the directors of Alpha IVF Group Berhad, state that, in the opinion of the directors, the combined and consolidated financial statements set out on pages 4 to 127 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the combined financial position of the Group as of 31 May 2020, 31 May 2021, 31 May 2022 and consolidated financial position of the Group as of 31 May 2023, 31 October 2023 and of its combined financial performance and combined cash flows for the financial years ended 31 May 2020, 31 May 2021, 31 May 2022 and consolidated financial performance and consolidated cash flows for the financial year ended 31 May 2023 and for the financial period ended 31 October 2023.

Signed in accordance with a resolution of the directors dated

05 FEB 2024



Dato' Dr. Lee Soon Soo



Dr. Ng Peng Wah

14. ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

- (i) As at the date of this Prospectus, we have only one class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (ii) The details of the share capital of our Company and our Subsidiaries as at the date of this Prospectus and the changes in their respective share capital for the Financial Periods Under Review are as set out in Sections 6.1.4 and 6.3 of this Prospectus.
- (iii) 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.
- (iv) As at the date of this Prospectus, save for the Issue Shares reserved for Eligible Persons as disclosed in Section 4 of this Prospectus, there is currently no other scheme involving our Directors or employees in the capital of our Group.
- (v) As at the date of this Prospectus, our Group does not have any outstanding convertible securities, options, warrants or uncalled capital.

14.2 EXTRACT OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the remainder of our Constitution and by applicable law. The words and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless otherwise defined or the context otherwise requires:

14.2.1 Transfer of securities

Clause 45 – Transfer of Deposited Securities

Subject to the Applicable Laws and this Constitution, the transfer of any Deposited Securities of the Company, shall be made by way of book entry by Bursa Depository in accordance with the Rules and notwithstanding the 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 the Deposited Securities.

14.2.2 Transmission of securities

Clause 59 – Transmission of Securities from Foreign Register

Where:-

- (i) the securities of the Company are listed on another stock exchange; and
- (ii) the Company is exempted from compliance with Section 14 of the SICDA or Section 29 of the Securities Industry (Central Depositories)(Amendment)(No. 2) Act 1998 as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of other stock exchange, to the register of holders maintained by the register of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

14. ADDITIONAL INFORMATION (CONT'D)

14.2.3 Remuneration of our Directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Clauses 144 - 146 – Remuneration of Director

144. The fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of a Director or former Director shall be determined annually by an ordinary resolution of the Company in meeting of Members and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree PROVIDED ALWAYS that:-
- (i) fees payable to non-executive Directors shall be by a fixed sum and not by a commission on or percentage of profits or turnover; and
 - (ii) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.
145. The Directors shall be entitled to be reimbursed all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or meeting of Members or otherwise howsoever incurred in or about the business of the Company in the course of the performance of their duties as Directors. In addition to the foregoing, a Director shall be entitled to such reasonable fixed allowance as may be determined by the Directors in respect of any attendance at any meeting and/or the performance of any duty or other things required of him as a Director of the Company.
146. If any Director, being willing, shall be called upon to perform extra services, or to make any special exertions in going or residing abroad or otherwise for any of the purposes of the Company which in the opinion of the Directors are outside his ordinary duties as a Director, he may be paid such extra or special remuneration as the Directors may determine provided always that the extra or special remuneration payable to:-
- (i) a non-executive director shall not be by a commission on or percentage of profits or turnover;
 - (ii) an executive director shall not include commission on or percentage of turnover.

Clause 186 – Remuneration (Managing Director)

The remuneration of Managing Director shall subject to the terms of any agreement entered into in any particular case and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

14. ADDITIONAL INFORMATION (CONT'D)

14.2.4 Voting and borrowing powers of our Directors**Clause 155 – Directors' Borrowing Powers**

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party subject to the Applicable Laws as they may think fit PROVIDED ALWAYS that nothing contained in these Constitution shall authorise the Directors to borrow any money or mortgage or charge any of the Company or subsidiaries' undertaking, property or any mortgage or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any unrelated third party.

Clauses 178 and 179 – Directors' Participation and Voting

178. Subject to the Act, a Director shall not participate in the deliberation and voting in respect of any discussion pertaining to the contract or proposed contract or arrangement in which he is directly or indirectly interested nor any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that company or as a holder of shares or other securities in that other company (and if he shall do so, his vote shall not be counted), nor shall his vote be counted for the purpose of any resolution regarding the same.
179. Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit under the Company or where the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or where any decision is taken upon any contract or arrangement in which he is any way interested provided always that he has complied with all relevant provisions of the Act and this Constitution.

Clause 181 – Voting Rights under Certain Circumstances

Subject to the Act, a Director may vote in respect of:-

- (i) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to obligations undertaken by him for the benefit of the Company; or
- (ii) 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 the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by deposit of a security.

14. ADDITIONAL INFORMATION (CONT'D)

14.2.5 Share capital and variation of rights

Clause 8 – Class of Shares

The capital of the Company shall consist of ordinary shares.

The shares issued by the Company shall constitute the share capital of the Company. The shares in the original or any increased capital may be divided into several classes and and there may be attached thereto respectively any preferred, deferred, qualified or other special rights, privileges, conditions or restrictions as to dividend, voting, capital or otherwise.

Clause 13 – Authority to Allot and Issue Shares

Subject to the prior approval of the Members of the Company in meeting of Members and to the provisions of the Act and to the conditions, restrictions and limitations expressed in this Constitution, the Directors may exercise the power of the Company to allot, grant options over shares or otherwise dispose of the shares in the Company to such person or persons on such terms and conditions with such preferred or deferred or other special rights and at such times as the Directors may determine proper, PROVIDED ALWAYS that:-

- (i) the pricing, issuance and/or placement of shares or convertible Securities shall be in compliance with and not in contravention of the provisions of the Listing Requirements;
- (ii) no issue of shares including any issue arising from convertible Securities shall be made which will have the effect of transferring a controlling interest in the Company to any person or corporation;
- (iii) the rights attaching to the shares of a class other than ordinary shares shall be expressed in this Constitution or in the resolution creating the same; and
- (iv) no Director shall participate in a scheme that involves a new issuance of shares or other convertible securities to employees unless the meeting of Members has approved the specific allotment to be made to such Director.

Clause 14 and 15 – Issue of New Shares/ Convertible Securities

Subject to any direction to the contrary that may be given by the Company in a meeting of Members, all new shares or other convertible securities shall before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of meetings of Members in proportion as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or Securities which (by reason of the ration which the new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Subject to Listing Requirements and without limiting the generality of Sections 75 and 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares if the total number of those shares or other securities with rights of conversion to ordinary shares exceeds the prescribed limit as permitted under the Listing Requirements and set by the Exchange from time to time except where the shares or securities are issued with the prior shareholders' approval in a general meeting of the precise terms and conditions of the issue.

14. ADDITIONAL INFORMATION (CONT'D)**Clause 19 – Modification of Class 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 representing not less than seventy-five per centum (75%) of the total voting rights of the Members of that class or with the sanction of a special resolution passed at a separate meeting of the Members of that class. The provisions of this Constitution relating to general meetings shall apply so far as they are capable of application and with any necessary changes to every such separate meeting for a variation of class rights except that:-

- (i) for a meeting other than adjourned meeting, two members of the class present, in person or by proxy, who together represent at least one-third of the voting rights of the class shall form the quorum;
- (ii) for an adjourned meeting, one member of the class present, in person or by proxy shall form the quorum; and
- (iii) any holder of shares of that class, present in person or by proxy, may demand a poll.

Notwithstanding the above, where that class of shares only has one member, one member personally present at the meeting shall constitute a quorum. To every such special resolution, the provisions of the Act shall apply with such adaptations as are necessary.

Clause 20 – Alteration of Rights by Issue of New Shares

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

14.2.6 Alteration of capital**Clause 11A – Power to Alter Capital**

The Company may alter its share capital by passing an ordinary resolution to:-

- (i) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (ii) convert all or any of its paid-up shares into stock and may re-convert that stock into paid-up shares or subject to the Act, reclassify any class of shares into other class of shares; or
- (iii) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived. Any resolution whereby any share is subdivided may determine that, as between the holders of shares resulting from such subdivision, one or more of such shares may have such preferred or other special rights over, or may be given any preference or advantage as regards dividends, return or capital, voting or otherwise over the other or others of such shares.

14. ADDITIONAL INFORMATION (CONT'D)

14.3 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 the Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.4 LIMITATION ON THE RIGHT TO OWN SECURITIES

There is no limitation on the right to own securities, including any limitations on the right of non-resident or non-Malaysian shareholders to hold or exercise voting rights on our Shares, which imposed by Malaysian law or by our Constitution.

14.5 EXCHANGE CONTROLS

(i) Malaysia

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

(ii) Singapore

Under Singapore laws, there are no restrictions or time frame on the repatriation or remittance of profits, whether in the form of dividends or interests, or capital (meaning funds in general, instead of share capital of the Alpha Singapore) into or out of Singapore, or significant restrictions on remittances, capital movements and foreign currency exchange transactions, by a company incorporated in Singapore to its shareholder(s) or holding company incorporated outside Singapore, subject to anti-money laundering; counter-financing of terrorism; taxation related considerations under the relevant and applicable Singapore laws. Repatriation of profits and remittance of funds out of a company's share capital is entirely dependent on the ability of such company to pay funds to its shareholder(s) in accordance with its constitution and the provisions of the Companies Act 1967 of Singapore ("**Singapore Companies Act**").

Under section 403 of the Singapore Companies Act, Alpha Singapore may only pay dividends to its shareholders out of profits of the company. Alpha Singapore may declare dividends in accordance with its constitution and the directors may make a recommended rate to be paid as dividends, which will be voted on and approved by shareholders at its annual general meeting.

14. ADDITIONAL INFORMATION (CONT'D)

Currently, Singapore adopts the one-tier corporate taxation system whereby any dividends paid on or after 1 January 2008 by any company resident in Singapore is exempt from income tax so long as said dividend is not paid wholly or in part out of income exempted from tax. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

14.6 MATERIAL LITIGATION

Our Group is not engaged in any material litigation, claim and/or arbitration, whether as plaintiff or defendant, which might materially and adversely affect the financial or business position of our Group as at the LPD.

14.7 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for the Financial Periods Under Review and up to the LPD:

- (i) Share sale agreement dated 27 October 2022 entered into between our Company and the First Stage Vendors for the Acquisition, which was completed on 27 October 2022. Please refer to Section 6.1.2 of this prospectus for further details of the Acquisition;
- (ii) Shareholders' agreement dated 27 October 2022 entered into between our Company and ACE Specialists, DDLSS, Lee Soon Ai, Dr. Leong Wai Yew, Dr. Tan Chong Seong, DNPW, Dr. Lau Soon Yen, Dr. Timothy Lim Yong Kuei, Dr. Lam Wei Kian and Siow Fei Foong in relation to the regulation of rights and obligations of the shareholders of our Company;
- (iii) Supplemental agreement dated 5 July 2023 to the shareholders' agreement dated 27 October 2022 (as mentioned in Section 14.7(ii) above) entered into between our Company and ACE Specialists, DDLSS, Lee Soon Ai, Dr. Leong Wai Yew, Dr. Tan Chong Seong, DNPW, Dr. Lau Soon Yen, Dr. Timothy Lim Yong Kuei, Dr. Lam Wei Kian and Siow Fei Foong in relation to the cessation of our Company as a party to the abovementioned Shareholders' Agreement dated 27 October 2022 and our Company shall be treated as never having been bound to observe and comply with any of the provisions contained therein;
- (iv) Shareholders' Agreement dated 26 October 2022 entered into between Alhaya and Alpha KL, Dr. Surinder Singh A/L Ranbir Singh, Dr. Haris Bin Hamzah, Dr. Wan Syahirah Binti Yang Mohsin, Serene Image Sdn Bhd, Cheong Wee Ban and Chong Sook Lan in relation to the regulation of rights of the shareholders of Alhaya⁽¹⁾;
- (v) Memorandum of Understanding dated 6 September 2023 entered into between Alpha KL and PT Hotel Indonesia Natour in relation to the parties' intention to explore a possible future business cooperation plan to establish a fertility treatment medical centre or hospital in the area of Special Economic Zone in Sanur, Bali ("**Project Bali**"). The Memorandum of Understanding is in force for a period of 6 months from its signing date and/or until PT Hotel Indonesia Natour has awarded a successful candidate, whichever earlier;

14. ADDITIONAL INFORMATION (CONT'D)

- (vi) Minutes of Agreement dated 22 December 2023 entered into between our Company and PT Hotel Indonesia Natour in relation to the agreed commercial terms on Project Bali, which will be further stipulated in a land lease agreement to be negotiated and signed by the parties ("**Definitive Agreement**"). Our Company had on 27 December 2023 paid PT Hotel Indonesia Natour a booking fee of IDR11.88 billion (equivalent to approximately RM3.65 million) to reserve a plot of land measuring approximately 6,000 square metres in the Special Economic Zone in Sanur, Bali for lease, pending execution of the Definitive Agreement; and
- (vii) Retail Underwriting Agreement dated 15 February 2024 between our Company and the Sole Underwriter to underwrite 218,700,000 IPO Shares under the Retail Offering at an underwriting commission calculated at the rate of 1.00% (exclusive of applicable tax) of the IPO Price multiplied by the total number of IPO Shares underwritten under the Retail Offering;
- (viii) Master cornerstone placement agreement dated 15 February 2024 entered into between our Company, the Offerors, the Lead Bookrunner, the Co-Bookrunner and the Cornerstone Investors, under which the Cornerstone Investors have agreed to acquire and/or subscribe for an aggregate of 408,000,000 IPO Shares pursuant to the Institutional Offering, representing 8.39% of our enlarged issued Shares at the IPO Price, subject to the conditions as set out in the Master Cornerstone Placement Agreement and the relevant individual cornerstone placement agreements;
- (ix) Lock-up letter dated 15 February 2024 issued by our Company to the Lead Bookrunner and the Co-Bookrunner in relation to the lock-up arrangement for our IPO and our Listing, details of which are set out in Section 4.9.3 of this Prospectus.

Note:

- (1) Pursuant to Alhaya Transfer, Dr. Surinder Singh A/L Ranbir Singh had ceased to hold any shares in Alhaya. Thereafter, Dr. Tan Chong Seong, Dr. Lam Wei Kian, Dr. Ong Kok Soon, Dominic Francis Lim Jern Jian and Brendan Francis Lim Jern Zhen had agreed to be deemed as parties and bound of the terms and conditions of the Shareholders' Agreement dated 26 October 2022 by virtue of their Deeds of Ratification and Accession dated 12 June 2023. Please refer to Section 6.1.2.2 of this Prospectus for further details of Alhaya Transfer.

14.8 CONSENTS

The written consent of our Principal Adviser, Sponsor, Lead Bookrunner, Sole Underwriter, Co-Bookrunner, Company Secretary, Legal Advisers, Share Registrar and Issuing House listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear 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 Pro Forma Statements of Financial Position of our Group 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 Business and Market Research Consultants for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

14. ADDITIONAL INFORMATION (CONT'D)

14.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office at 9A, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Wilayah Persekutuan, during office hours for a period of six months from the date of this Prospectus:

- (i) our Constitution;
- (ii) Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as included in Section 12.10 of this Prospectus;
- (iii) Accountants' Report referred to in Section 13 of this Prospectus;
- (iv) the letters of consent referred to in Section 14.8 of this Prospectus;
- (v) material contracts referred to in Section 14.7 of this Prospectus;
- (vi) audited financial statements of our Company for the FYE 31 May 2020, FYE 31 May 2021, FYE 31 May 2022, FYE 31 May 2023 and FPE 31 October 2023;
- (vii) audited financial statements of our subsidiaries for the FYE 31 May 2020, FYE 31 May 2021, FYE 31 May 2022 and FYE 31 May 2023; and
- (viii) IMR Report as included in Section 8 of this Prospectus.

14.10 RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Offerors 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.

AmlInvestment Bank, being our Principal Adviser, Sponsor, Lead Bookrunner and Sole Underwriter in relation to our IPO, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

(The rest of this page has been intentionally left blank)

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR 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.

15.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 1 March 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 8 March 2024

In the event of any changes to the date and/or time for closing, we will advertise the notice of changes in widely circulated daily Bahasa Malaysia and English newspapers in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATION

15.2.1 Institutional Offering

Institutional and selected investors (other than Bumiputera investors approved by the MITI) being allocated our IPO Shares under the Institutional Offering will be contacted directly by the Lead Bookrunner and Co-Bookrunner and should follow the instructions as communicated by the Lead Bookrunner and Co-Bookrunner.

Bumiputera investors approved by the MITI who have been allocated the IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

Institutional and selected investors and Bumiputera investors approved by MITI may apply for our IPO Shares offered to the Malaysian Public using the White Application Form or through the Electronic Share Application or the Internet Share Application.

(The rest of this page has been intentionally left blank)

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.2.2 Retail Offering

Applications must accord with our 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 Eligible Persons	Pink Application Form only
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

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance ("**Detailed Procedures**") 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.

15.3.2 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;

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (ii) you must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and
- (iii) you must submit the Applications by using only one of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions in those documents and where relevant, in this Prospectus.

The Eligible Persons may request for a copy of this printed Prospectus from our Company at no cost and are given an option to have this printed Prospectus delivered to them free of charge, or to obtain this printed Prospectus from our Company, our Issuing House, AmInvestment Bank, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

15.4 APPLICATION BY WAY OF APPLICATION FORMS

Each Application for our IPO Shares must be made using the correct type of 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 our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.32 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO. 762**" 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) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
 (Registration No. 197101000970 (11324-H))
 Unit 32-01, Level 32, Tower A
 Vertical Business Suite
 Avenue 3, Bangsar South
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (ii) or **DELIVERY BY HAND AND DEPOSIT** in the drop-in boxes provided at the following address:

Tricor Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 8 March 2024 or by such other time and date specified in any change to the date or time for closing of the applications for our IPO Shares.

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 our Issuing House.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Sdn Bhd (*formerly known as CGS-CIMB Securities Sdn Bhd*), Malayan Banking Berhad 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.

(The rest of this page has been intentionally left blank)

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE

Our Issuing House, on the authority of our Board reserves the right to:

- (i) reject Applications which:
 - (a) do not conform to the instructions of our 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 15.9** below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House, at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, our 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 our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website at <https://tiih.online> within 1 Market 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 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 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Retail Underwriting Agreement.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful Applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/ distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (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 our Issuing House, as per items (i) and (ii) above (as the case may be).
- (iv) Our 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 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

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

- (i) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting date.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (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 our 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 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/ offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our IPO Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

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

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of our IPO Shares derived from successful balloting will be made available to the public at our Issuing House website at <https://tiih.online>, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.