Registration No.: 201801022395 (1284414-D)

WILSTECH SDN. BHD.
(Incorporated in Malaysia)

ACCOUNTANT'S REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 AUGUST 2021, 31 AUGUST 2022 AND 31 AUGUST 2023

mazars

Wisma Golden Eagle Realty
11th Floor, South Block
142-A, Jalan Ampang
50450 Kuala Lumpur
Malaysia

Tel: +60 3 2702 5222
www.mazars.com

24 January 2024

The Board of Directors
Systech Bhd
Level 5, Tower 8
Avenue 5, Horizon 2
Bangsar South City
Kuala Lumpur
Wilayah Persekutuan

Dear Sirs,

REPORTING ACCOUNTANT'S OPINION ON THE FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANT'S REPORT OF WILSTECH SDN. BHD.

Opinion

We have audited the financial statements of Wilstech Sdn. Bhd. (the "Company") which comprise the statements of financial position as at 31 August 2021, 31 August 2022 and 31 August 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023, and a summary of significant accounting policies and other explanatory information, as set out in pages 4 to 53.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 August 2021, 31 August 2022 and 31 August 2023 respectively, and of its financial performance and its cash flows for each of the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountant's Responsibility for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the 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.

mazars

Wilstech Sdn Bhd
Page 2

Director's Responsibility for the Financial Statements

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

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

Reporting Accountant's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

mazars

Wilstech Sdn Bhd
Page 3

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director 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

The financial statements have been prepared by the director of the Company for inclusion in the circular to shareholders of Systech Bhd in connection with the proposed acquisition of the Company by Systech Bhd (the "Circular").

This report is made solely to the board of directors of Systech Bhd, as a body, and solely for inclusion in the Circular for the purpose of complying with Chapter 10 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and for no other purposes. We do not assume responsibility to any other person for the content of this report.

MAZARS PLT	LEE SOO ENG
201706000496 (LLP0010622-LCA)	03230/02/2024 J
AF 001954	Chartered Accountant
Chartered Accountants	

ID_5371

WILSTECH SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2021, 31 AUGUST 2022 AND 31 AUGUST 2023

	Note	2021 RM	2022 RM	2023 RM
ASSETS				
NON-CURRENT ASSETS				
Plant and equipment	5	60,609	340,499	316,485
Investment property	6	1,993,978	2,350,000	2,350,000
Right-of-use assets	7	3,511	213,872	115,063
Deferred tax assets	8	252,555	432,671	893,089
		2,310,653	3,337,042	3,674,637
CURRENT ASSETS				
Inventories	9	4,915,500	6,894,240	7,851,650
Trade and other receivables	10	7,258,510	14,900,736	15,302,635
Contract assets	11	-	59,292	4,944,635
Fixed deposits	12	-	203,110	604,364
Cash and bank balances		1,688,445	713,126	212,201
		13,862,455	22,770,504	28,915,485
TOTAL ASSETS		16,173,108	26,107,546	32,590,122
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	2,022,043	2,522,043	2,522,043
Retained earnings		2,950,118	3,932,622	3,102,628
		4,972,161	6,454,665	5,624,671

	Note	2021 RM	2022 RM	2023 RM
NON-CURRENT LIABILITIES				
Borrowings	14	2,571,501	5,552,708	7,634,076
Lease liabilities	7	-	122,524	16,022
		2,571,501	5,675,232	7,650,098
CURENT LIABILITIES				
Borrowings	14	1,556,825	1,904,419	9,103,024
Lease liabilities	7	3,988	97,421	105,622
Trade and other payables	15	4,890,377	8,860,621	5,192,415
Contract liabilities	11	937,280	1,443,037	694,138
Current tax liability		1,240,976	1,672,151	4,220,154
		8,629,446	13,977,649	19,315,353
TOTAL LIABILITIES		11,200,947	19,652,881	26,965,451
TOTAL EQUITY AND LIABILITIES		16,173,108	26,107,546	32,590,122

The accompanying notes form an integral part of the financial statements

WILSTECH SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 AUGUST 2021, 31 AUGUST 2022
AND 31 AUGUST 2023

	Note	2021 RM	2022 RM	2023 RM
Revenue	16	9,566,368	15,523,275	24,589,996
Cost of sales		(4,511,312)	(7,740,251)	(9,318,430)
Gross profit		5,055,056	7,783,024	15,271,566
Other income and gains		24,666	429,355	120,875
Impairment losses on trade receivables		(7,888)	(874,113)	(1,881,762)
Administrative and general expenses		(2,600,393)	(4,116,098)	(6,470,180)
Finance costs	17	(304,291)	(568,278)	(1,088,617)
Profit before tax	18	2,167,150	2,653,890	5,951,882
Tax expense	19	(707,887)	(1,171,386)	(2,210,585)
Profit and total comprehensive income for the financial year		1,459,263	1,482,504	3,741,297

The accompanying notes form an integral part of the financial statements

WILSTECH SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 AUGUST 2021, 31 AUGUST 2022 AND 31 AUGUST 2023

	Note	Share capital RM	Retained earnings RM	Total RM
At 1 September 2020		522,000	1,490,855	2,012,855
Issuance of shares	13	1,500,043	-	1,500,043
Profit and total comprehensive income for the financial year		-	1,459,263	1,459,263
At 31 August 2021		2,022,043	2,950,118	4,972,161
Profit and total comprehensive income for the financial year		-	1,482,504	1,482,504
Redemption of redeemable cumulative preference shares	13	500,000	(500,000)	-
At 31 August 2022		2,522,043	3,932,622	6,454,665
Profit and total comprehensive income for the financial year		-	3,741,297	3,741,297
Dividends	20	-	(4,571,291)	(4,571,291)
At 31 August 2023		2,522,043	3,102,628	5,624,671

The accompanying notes form an integral part of the financial statements

WILSTECH SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 AUGUST 2021, 31 AUGUST 2022
AND 31 AUGUST 2023

	2021 RM	2022 RM	2023 RM
OPERATING ACTIVITIES			
Profit before tax	2,167,150	2,653,890	5,951,882
Adjustments for:			
Bad debts written-off	4,526	-	-
Depreciation of plant and equipment	6,206	35,522	72,025
Depreciation of right-of-use assets	21,066	85,769	98,809
Fair value gain on investment property	-	(356,022)	-
Finance costs	304,291	568,278	1,088,617
Impairment losses on trade receivables	7,888	874,113	1,881,762
Interest income	(135)	(3,514)	(5,445)
Net unrealised (gain)/loss on foreign exchange	(710)	2,199	5,355
Plant and equipment written-off	2,228	600	-
Rental income	(7,731)	(27,204)	(24,540)
Operating profit before working capital changes	2,504,779	3,833,631	9,068,465
Changes in inventories	(1,990,560)	(1,978,740)	(957,410)
Changes in receivables	(4,885,573)	(9,067,631)	(7,169,004)
Changes in payables	2,665,878	4,409,414	(4,386,841)
Cash used in operations	(1,705,476)	(2,803,326)	(3,444,790)
Finance costs paid	(22,774)	(22,161)	(109,059)
Interest received	135	3,514	5,445
Tax paid	(53,600)	(920,327)	(123,000)
Net cash used in operating activities	(1,781,715)	(3,742,300)	(3,671,404)
INVESTING ACTIVITIES			
(Advance to)/Repayment from a related party	(492,000)	492,000	-
Increased in fixed deposits pledged to licensed banks	-	(203,110)	(401,254)
Purchase of investment property	(1,993,978)	-	-
Purchase of plant and equipment	(35,848)	(316,012)	(48,011)
Rental received	7,731	27,204	24,540
Net cash (used in)/generated from investing activities	(2,514,095)	82	(424,725)

	2021 RM	2022 RM	2023 RM
FINANCING ACTIVITIES (NOTE A)			
Advance from an investor	2,500,000	-	-
Dividends paid	-	-	(4,542,522)
Drawdowns of term loans	2,790,000	5,389,845	8,900,000
Finance costs paid	(255,644)	(570,982)	(968,853)
Proceeds from issuance of shares	1,500,043	-	-
Redemption of redeemable cumulative preference shares ("RCPS")	-	(500,000)	-
Repayments of lease liabilities	(24,000)	(94,840)	(109,006)
Repayments of term loans	(740,433)	(1,500,369)	(3,192,634)
(Repayment to)/Advance from the director	(172,486)	64,388	(64,388)
Net cash generated from financing activities	5,597,480	2,788,042	22,597
NET CHANGES IN CASH AND CASH EQUIVALENTS	1,301,670	(954,176)	(4,073,532)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	125,630	1,427,300	473,124
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,427,300	473,124	(3,600,408)
Represented by:			
Fixed deposits	-	203,110	604,364
Cash and bank balances	1,688,445	713,126	212,201
Bank overdrafts	(261,145)	(240,002)	(3,812,609)
	1,427,300	676,234	(2,996,044)
Fixed deposits pledged to licensed banks	-	(203,110)	(604,364)
	1,427,300	473,124	(3,600,408)

The accompanying notes form an integral part of the financial statements

Note (a):

Reconciliation of liabilities arising from financing activities

	RCPS RM	Lease liabilities RM	Amount owing to the director RM	Term loans RM
2021				
At 1 September	514,671	26,976	172,486	1,278,082
Cash flows:				
Drawdowns of term loans	-	-	-	2,790,000
Finance costs paid	(60,000)	-	-	(195,644)
Repayments of lease liabilities	-	(24,000)	-	-
Repayments of term loans	-	-	-	(740,433)
Repayment to the director	-	-	(172,486)	-
	(60,000)	(24,000)	(172,486)	1,853,923
Non-cash:				
Finance costs	84,861	1,012	-	195,644
At 31 August	539,532	3,988	-	3,327,649
2022				
At 1 September	539,532	3,988	-	3,327,649
Cash flows:				
Advance from the director	-	-	64,388	-
Drawdowns of term loans	-	-	-	5,389,845
Finance costs paid	(52,501)	-	-	(518,481)
Redemption of RCPS	(500,000)	-	-	-
Repayments of lease liabilities	-	(94,840)	-	-
Repayments of term loans	-	-	-	(1,500,369)
	(552,501)	(94,840)	64,388	3,370,995
Non-cash:				
Additions of lease liabilities	-	296,130	-	-
Finance costs	12,969	14,667	-	518,481
	12,969	310,797	-	518,481
At 31 August	-	219,945	64,388	7,217,125

	RCPS RM	Lease liabilities RM	Amount owing to the director RM	Term loans RM
2023				
At 1 September	-	219,945	64,388	7,217,125
Cash flows:				
Drawdowns of term loans	-	-	-	8,900,000
Finance costs paid	-	-	-	(966,420)
Repayments of lease liabilities	-	(109,006)	-	-
Repayments of term loans	-	-	-	(3,192,634)
Repayment to the director	-	-	(64,388)	-
	-	(109,006)	(64,388)	4,740,946
Non-cash:				
Finance costs	-	10,705	-	966,420
At 31 August	-	121,644	-	12,924,491

The accompanying notes form an integral part of the financial statements

WILSTECH SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 AUGUST 2021, 31 AUGUST 2022 AND 31 AUGUST 2023

1. GENERAL INFORMATION

Wilstech Sdn. Bhd. (the "Company") is a private limited company incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company are located at A-1-3, Northpoint Office Tower A, Mid Valley City, No. 1 Medan Syed Putra Utara, 59200 Kuala Lumpur and Unit 19-2, the Boulevard Lingkaran Syed Putra, Mid Valley City, 59200 Kuala Lumpur respectively.

The principal activities of the Company are provision of services on software and applications development, data communication and management, network and cyber security solutions, artificial intelligence and automation, and other related information technology services, and also involves in supplying information technology hardware and other peripherals. There have been no significant changes in the nature of these activities during the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB") and International Financial Reporting Standards.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value, as stated in the significant accounting policies set out in note 3.

Application of amendments to MFRS

The Company has applied amendments to MFRS that became effective mandatorily for each of the financial periods beginning on or after 1 September 2020. The adoption of the amendments to MFRS did not have significant impact on the disclosures or on the amounts reported in the financial statements.

New standard and amendments to MFRS issued that are not yet effective

The Company has not applied the following new standard and amendments to MFRS that have been issued by the MASB but are not yet effective:

		Effective Date
MFRS 17	Insurance Contracts	1 January 2023 (1 January 2021)
Amendment to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16	Lease liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024 (1 January 2023, 1 January 2022)
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

The adoption of the above new standard and amendments to MFRS is not expected to have significant impact on the financial position and financial performance of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Translation of foreign currency translations

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies as at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated as at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(b) Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Company becomes a party to the contract provisions of the financial instruments.

Except for the trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contacts with Customers*.

Subsequent measurement

Financial Assets

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

(i) Financial assets at amortised cost.
(ii) Financial assets at fair value through other comprehensive income ("FVTOCI") with recycling of cumulative gains and losses upon derecognition.
(iii) Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition.
(iv) Financial assets at FVTPL.

The classification depends on the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Company reclassifies financial assets when and only when its business models for managing those assets change.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flows characteristics of the asset. There are three measurement categories into which the Company classified its debt instruments:

(i) Amortised cost

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised costs are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

(ii) FVTOCI

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. For debt instruments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycle to profit or loss.

(iii) FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. Upon initial recognition, the Company can make an irrevocable election to classify its equity investments that are not held for trading as equity instruments designated at FVTOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial assets, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVTOCI are not subject to impairment assessment.

Financial Liabilities

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criterias in MFRS 9 *Financial Instruments* are satisfied.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Company itself purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

Derecognition

A financial asset or a part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liablity or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. 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.

Offsetting

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

(c) Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

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

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The annual depreciation rates:

Furniture and fittings	10.00%
Office equipment	10.00%
Computer and software	20.00%
Renovation	20.00%

Depreciation methods, useful lives and residual values are reviewed as at the end of each reporting period, and adjusted as appropriate.

Derecognition

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

(d) Leases

<u>Definition of lease</u>

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:
(i) the contract involves the use of an identified asset;
(ii) the asset throughout the period of use; and
(iii) the Company has the right to direct the use of the asset.

<u>Lessee accounting</u>

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve-month or less) and leases of low value assets.

Right-of-use Asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and is adjusted for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Company expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset.

Lease Liability

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 Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

(i) fixed lease payments (including in-substance fixed payments), less any lease incentives;

(ii) variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

(iii) the amount expected to be payable by the lessee under residual value guarantees;

(iv) the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

(i) the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

(ii) the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using.

(iii) a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

The Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Lessor accounting

If an entity is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

(e) Investment property

Investment property is measured initially at cost, including transaction costs. Subsequently, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they arise.

Investment property is derecognised upon disposal or when no future economic benefits are expected from their use. On disposal or retirement of an asset, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(f) Inventories

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

Cost comprises direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, time deposits and other short term, highly liquid deposits that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits pledged to secure banking facilities.

(h) Impairment of assets

Financial assets

Financial assets measured at amortised cost and a loan commitment will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses ("ECL") on the financial assets. ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Company measures loss allowance at an allowance at an amount equal to lifetime ECL, except for the following, which are measured as twelve-month ECL:

(i) debt securities that are determined to have low credit risk at the reporting date; and
(ii) other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instruments) has not increased significantly since initial recognition.

For trade receivables, the Company applies the simplified approach permitted by MFRS 9 *Financial Instruments* to measure the loss allowance at an amount equal to lifetime ECL.

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

The Company considers a financial asset to be in default when:

(i) the borrower is unable to pay its credit obligations to the Company in full, without taking, into account any credit enhancements held by the Company; or

(ii) the contractual payment of the financial asset is more than credit term unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument.

Twelve-month ECL is the portion of lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the twelve-month after the reporting date.

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

ECL is discounted at the effective interest rate of the financial assets.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(i) significant financial difficulty of the issuer or the borrower;
(ii) a breach of contract, such as a default of past due event;
(iii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
(v) the disappearance of an active market for that financial asset because of financial difficulties; or
(vi) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Company makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds the recoverable amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of an impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in the previous financial years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(i) Employee benefits

Short-term Employee Benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the period where the employees have rendered their services to the Company.

Defined Contribution Plans

As required by law, the Company contributes to the Employees Provident Fund the national defined contribution plan. Such contributions are recognised as an expense.

(j) Revenue recognition

The Company recognises revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue recognition of the Company is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Company has applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Company reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Company measures revenue at its transaction price, being the amount of consideration to which the Company expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Company estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Company has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

The Company has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Company expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(i) Sales of goods

The Company sells a range of computer and related products to customers. Revenue from sale of goods is recognised at a point in time when control of goods is transferred to the customer, generally on the delivery of goods.

Sales are made with a credit term, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(ii) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

(iii) Contract balances

Contract assets are the right to consideration in exchange for goods or services transferred to customers. If goods or services are transferred to customers before the customers pay consideration or before payment is due, contract assets are recognised for the earned consideration that is conditional. Trade receivables represent the entity's right to an amount of consideration that is unconditional.

Contract liabilities are the obligation to transfer goods or services to customers for which the entity has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the entity transfers goods or services to the customers, contract liabilities are recognised when the payment is made or the payment is due (whichever is earlier).

(iv) Cost to obtain a contract

Incremental cost of obtaining a contract with a customer is recognised as assets, if the entity expects to recover the cost. The capitalised costs are amortised on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer.

(v) Interest income

Interest income is recognised using the effective interest method.

(vi) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

(k) Borrowing costs

Borrowing costs are interest and other costs that the Company incurs in connection with borrowing of funds.

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

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

(l) Income tax

The income tax expense represents the aggregate of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

Current Tax

Current tax is the expected income tax payable on the taxable profit for the financial year, estimated using the tax rates enacted or substantially enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted for using the liability method.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantially enacted at the reporting date that are expected to apply to the period when the asset is realised or when the liability is settled.

(m) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability 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.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3:	unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATIONS

The preparation of the financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported assets, liabilities, income and expenses.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors (including expectations for future events that are believed to be reasonable under the circumstances), actual results may ultimately differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, are as follows:

Investment Property

The Company measures its investment property at fair value with any change in fair value recognised in profit or loss. Significant judgement is required in the determination of fair value which may be derived based on different valuation methods. In making the judgement, the Company evaluates based on past experience and reliance on the work of specialists. The Company engages independent professional valuers to determine the fair value using sales comparison method.

The valuation methodology commonly used is the sales comparison method which is based on comparable historical transactions adjusted for specific market factors such as selling prices of recent transactions, historical transaction prices of similar properties of nearby location, any adjustments for tenure, location, development concept and size.

Inventories

Inventories are stated at the lower of cost and net realisable value. The Company estimates the net realisable value of inventories based on an assessment of expected sales prices less the estimated costs necessary to make the sale.

Inventories are reviewed on a regular basis and the Company writes down inventories based primarily on historical trends and management's estimates of expected and future product demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Company's inventories, the Company might be required to reduce the value of its inventories and additional write down for slow moving inventories may be required.

Trade Receivables and Contract Assets

Management assesses the ECL for trade receivables and contract assets at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the Company and the cash flows that they actually expects to receive. Management applies simplified approach of MFRS 9 Financial Instruments in assessing the impairment of trade receivables and contract assets.

In determining the ECL, management uses its historical credit loss experience for trade receivables and contract assets to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables and contract assets are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables and contract assets.

The ECL on trade receivables and contract assets as at current reporting date is primarily based upon the historical credit loss experience.

Income Taxes

Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions during the ordinary course of business and computations for which the ultimate tax determination is uncertain.

The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax asset is recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5. PLANT AND EQUIPMENT

Cost	Computer and software RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Total RM
At 1 September 2020	6,299	10,880	3,949	18,556	39,684
Additions	15,848	-	-	20,000	35,848
Written-off	-	-	(2,499)	-	(2,499)
At 31 August 2021	22,147	10,880	1,450	38,556	73,033
Additions	33,185	13,800	11,357	257,670	316,012
Written-off	(1,500)	-	-	-	(1,500)
At 31 August 2022	53,832	24,680	12,807	296,226	387,545
Additions	45,561	-	-	2,450	48,011
At 31 August 2023	99,393	24,680	12,807	298,676	435,556

Accumulated depreciation	Computer and software RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Total RM
At 1 September 2020	1,700	1,088	395	3,306	6,489
Charge for the financial year	3,096	1,088	166	1,856	6,206
Written-off	-	-	(271)	-	(271)
At 31 August 2021	4,796	2,176	290	5,162	12,424
Charge for the financial year	7,713	1,991	845	24,973	35,522
Written-off	(900)	-	-	-	(900)
At 31 August 2022	11,609	4,167	1,135	30,135	47,046
Charge for the financial year	14,650	2,468	1,281	53,626	72,025
At 31 August 2023	26,259	6,635	2,416	83,761	119,071
Carrying amount					
At 31 August 2021	17,351	8,704	1,160	33,394	60,609
At 31 August 2022	42,223	20,513	11,672	266,091	340,499
At 31 August 2023	73,134	18,045	10,391	214,915	316,485

6. INVESTMENT PROPERTY

	2021 RM	2022 RM	2023 RM
At 1 September	-	1,993,978	2,350,000
Additions	1,993,978	-	-
Changes in fair value	-	356,022	-
At 31 August	1,993,978	2,350,000	2,350,000

(a) The investment property represents leasehold building which is pledged to secure banking facilities granted to the Company as disclosed in note 14.

(b) The Company measures its investment property at fair value and any change in fair value is recognised in profit or loss. The fair value of the investment property as at 31 August 2021 was based on an assessment by the director of the Company. While the fair values of the investment property as at 31 August 2022 and 31 August 2023 were based on valuation carried out by independent professional valuers who have appropriate professional qualifications and recent experiences in the relevant location and assets being valued. The fair value of the investment property was determined using comparison method and therefore is categorised as Level 2 in the fair value hierarchy. Based on the comparison approach, sales prices of comparable properties in close proximity is adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

There is no transfer between levels of fair value hierarchy during the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023.

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) The Company as lessee

(i) Right-of-use assets

	2021 RM	2022 RM	2023 RM
At 1 September	24,577	3,511	213,872
Additions	-	296,130	-
Charge for the financial year	(21,066)	(85,769)	(98,809)
At 31 August	3,511	213,872	115,063

The right-of-use assets as at the end of the reporting period comprise of office buildings. The leases of office buildings are typically made for a period of two years. The leases do not impose any covenants.

(ii) Lease liabilities

	2021 RM	2022 RM	2023 RM
Current	3,988	97,421	105,622
Non-current	-	122,524	16,022
	3,988	219,945	121,644

Total cash outflows for leases during the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023 amounted to RM24,000, RM94,840 and RM109,006.

(b) The Company as lessor

Investment property is leased out typically for a period of two years.

	2021 RM	2022 RM	2023 RM
(i) Carrying amount of investment property (subject to operating leases as lessor)	1,993,978	2,350,000	2,350,000

(ii) Analysis of undiscounted lease payments to be received after the reporting date, on an annual basis:

	2021 RM	2022 RM	2023 RM
In the first year	8,650	30,840	15,420
In the second year	-	15,420	-
	8,650	46,260	15,420

8. DEFERRED TAX ASSETS

	2021 RM	2022 RM	2023 RM
At 1 September	65,866	252,555	432,671
Recognised in profit or loss	186,689	180,116	460,418
At 31 August	252,555	432,671	893,089

The deferred tax arose from:

	2021 RM	2022 RM	2023 RM
Allowance for doubtful debts	3,573	213,360	664,983
Investment property	-	(35,602)	(35,602)
Leases	114	1,458	1,579
Contract liabilities	224,947	346,329	166,593
Plant and equipment	(3,436)	(15,028)	(17,036)
Others	27,357	(77,846)	112,572
	252,555	432,671	893,089

9. INVENTORIES

	2021 RM	2022 RM	2023 RM
Software license	4,915,500	6,894,240	7,851,650

Inventories of RM3,883,381, RM6,996,243 and RM8,630,384 were recognised as an expense and included in cost of sales during the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023.

10. TRADE AND OTHER RECEIVABLES

	2021 RM	2022 RM	2023 RM
Receivables from contracts with customers (a)	6,681,693	14,817,856	16,380,515
Allowance for doubtful debts (a)	(14,888)	(889,001)	(2,770,763)
	6,666,805	13,928,855	13,609,752
Other receivables	50,000	1,000	38,843
Deposits	37,878	454,381	568,388
Prepayments	11,827	516,500	1,085,652
Amount owing by a related party (b)	492,000	-	-
	7,258,510	14,900,736	15,302,635

(a) Management applies simplified approach (i.e. lifetime ECL) in measuring the loss allowance for trade receivables. The ECL on trade receivables is estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There have been no significant changes in the estimation techniques or significant assumptions made during the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023.

Management writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, i.e. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Movement in allowance for doubtful debts for trade receivables:

	2021 RM	2022 RM	2023 RM
At 1 September	7,000	14,888	889,001
Allowances	7,888	874,113	1,881,762
At 31 August	14,888	889,001	2,770,763

The risk profile and aging analysis of trade receivables are summarised as follows:

	Gross carrying amount RM	Individual impairment RM
2021		
Not past due	1,005,880	-
1 to 30 days past due	710,880	-
31 to 60 days past due	478,981	-
61 to 90 days past due	784,339	-
91 to 120 days past due	2,878	-
Over 120 days past due	3,698,735	14,888
	6,681,693	14,888
2022		
Not past due	11,242,649	-
1 to 30 days past due	869,582	-
31 to 60 days past due	628,860	-
61 to 90 days past due	428,691	-
Over 120 days past due	1,648,074	889,001
	14,817,856	889,001

	Gross carrying amount RM	Individual impairment RM
2023		
Not past due	5,519,849	-
1 to 30 days past due	581,855	107,638
31 to 60 days past due	1,196,291	13,522
61 to 90 days past due	1,570,144	287,384
91 to 120 days past due	130,188	-
Over 120 days past due	7,382,188	2,362,219
	16,380,515	2,770,763

The director of the Company has assessed the impairment of trade receivables as at the end of each of the reporting periods, and an adequate impairment loss has been recognised for ECL on the portion of carrying amount. For those past due balances not impaired or remaining credit exposure, based on past experience and no adverse information to date, the director of the Company is of the opinion that no impairment loss is necessary in respect of these balances as there has not been a significant change in the credit quality and these balances are still considered fully recoverable.

(b) The related party is a company in which the director of the Company has substantial interest. The balance is non-trade in nature, unsecured, interest-free, receivable on demand.

11. CONTRACT ASSETS/LIABILITIES

Contract assets

	2021 RM	2022 RM	2023 RM
Services rendered	-	59,292	4,944,635

Movements in contract assets:

	2021 RM	2022 RM	2023 RM
At 1 September	-	-	59,292
Recognition of revenue	-	59,292	4,918,283
Transfer to receivables	-	-	(32,940)
At 31 August	-	59,292	4,944,635

Revenue relating to services is recognised over time, while the customers pay according to contractual milestones. A contract asset is recognised in respect of the right to consideration for work performed which has not billed at the reporting date.

The Company applies simplified approach (i.e. lifetime ECL) in measuring the loss allowance. The ECL is estimated by reference to past default experience and the future prospect of the industry. There have been no significant changes in the estimation techniques or significant assumptions made during the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023.

None of the contract assets at the reporting date is past due. The Company does not expect any credit loss based on the then assessment at the reporting date.

Contract liabilities

	2021 RM	2022 RM	2023 RM
Contract liabilities related to service contracts	937,280	1,443,037	694,138

Movements in contract liabilities:

	2021 RM	2022 RM	2023 RM
At 1 September	280,239	937,280	1,443,037
Invoices issued	937,280	1,443,037	694,138
Revenue recognised that was included in the contract liabilities at the beginning of the financial year	(280,239)	(937,280)	(1,443,037)
At 31 August	937,280	1,443,037	694,138

12. FIXED DEPOSITS

The Company has pledged all the fixed deposits to licensed banks to secure the banking facilities granted to the Company as disclosed in note 14.

13. SHARE CAPITAL

	Number of shares	Amount RM
Issued and fully paid up ordinary shares:		
At 1 September 2020	522,000	522,000
Issuance of shares	30,255	1,500,043
At 31 August 2021/31 August 2022/31 August 2023	552,255	2,022,043
Redemption of preference shares:		
At 1 September 2020/1 September 2021	-	-
Transfer from retained earnings (a)	-	500,000
At 31 August 2022/31 August 2023	-	500,000
Total	552,255	2,522,043

(a) The redeemable cumulative preference shares ("RCPS") were fully redeemed out of profits during the financial year ended 31 August 2022 and the amount of RM500,000 has been transferred to the share capital in accordance with Section 72(5) of the Companies Act 2016. The details of RCPS are disclosed in note 14(c).

14. BORROWINGS

	2021 RM	2022 RM	2023 RM
Non-current			
Term loans (a)	2,571,501	5,552,708	7,634,076
Current			
Term loans (a)	756,148	1,664,417	5,290,415
Bank overdrafts (b)	261,145	240,002	3,812,609
RCPS (c)	539,532	-	-
	1,556,825	1,904,419	9,103,024
Total	4,128,326	7,457,127	16,737,100

(a) (i) Term loans carry interest rates range between 3.50% to 15.00% (2021), 3.50% to 16.00% (2022) and 3.50% to 18.00% (2023) per annum and are secured as follows:

- Facilities agreement;
- Joint and several guarantee by the director and a key management personnel of the Company;
- Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPPB");
- Guarantee by Credit Guarantee Corporation Malaysia Berhad ("CGC");
- Fixed deposits as disclosed in note 12; and
- Legal charge over the investment property as disclosed in note 6.

(ii) Repayment terms:

	2021 RM	2022 RM	2023 RM
No later than one year	756,148	1,664,417	5,290,415
Later than one year but no later than five years	964,349	3,752,134	5,203,455
More than five years	1,607,152	1,800,574	2,430,621
	3,327,649	7,217,125	12,924,491

(b) Bank overdrafts are repayable on demand, carry interest rate at 15.00% (2021), 15.00% (2022) and 7.85% to 15.00% (2023) per annum and secured by way of joint and several guarantee by the director of the Company and SJPPB.

(c) On 15 June 2020, the Company issued 500,000 RCPS to subscribers at an issue price of RM1 per RCPS, representing a total issue price of RM500,000.

The salient terms of RCPS:

- Tenure two years to maturity date in April 2022;
- Dividend shall be paid during the tenure of RCPS; and
- The RCPS is not convertible to shares.

The RCPS was fully redeemed during the financial year ended 31 August 2022.

15. TRADE AND OTHER PAYABLES

	2021 RM	2022 RM	2023 RM
Trade payables	1,763,646	3,456,784	2,194,967
Other payables	2,685,745	4,271,777	935,667
Accruals	440,986	1,067,672	2,033,012
Amount owing to the director (a)	-	64,388	-
Dividend payable	-	-	28,769
	4,890,377	8,860,621	5,192,415

(a) The balance is non-trade in nature, unsecured, interest-free, repayable on demand and expected to be settled in cash.

16. REVENUE

	2021 RM	2022 RM	2023 RM
Revenue from contracts with customers	9,566,368	15,523,275	24,589,996

Nature of contracts with customers:

	2021 RM	2022 RM	2023 RM
Sales of software application, hardware and maintenance and implementation services	7,137	5,432,214	12,685,393
Training course	118,550	-	-
Provision of E-business information technology services	9,440,681	10,091,061	8,674,137
Information technology ("IT") infrastructure and hardware	-	-	3,230,466
	9,566,368	15,523,275	24,589,996

Timing of revenue recognition:

	2021 RM	2022 RM	2023 RM
At a point in time	125,687	5,432,214	12,685,393
Over time	9,440,681	10,091,061	11,904,603
	9,566,368	15,523,275	24,589,996

Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of each of the reporting periods:

	2021 RM	2022 RM	2023 RM
Provision of E-business information technology services	937,280	1,460,605	1,062,495
IT infrastructure and hardware	-	-	146,073
	937,280	1,460,605	1,208,568

Based on the information available to the Company as at the end of each of the reporting periods, management of the Company expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of provision of E-business information technology services and IT infrastructure and hardware as at 31 August 2021, 31 August 2022 and 31 August 2023 will be recognised as revenue during the financial years ended/ending 31 August 2022 to 31 August 2023, 31 August 2023 to 31 August 2024 and 31 August 2024 to 31 August 2025 respectively.

17. FINANCE COSTS

	2021 RM	2022 RM	2023 RM
Term loans	195,644	518,481	966,420
Leases	1,012	14,667	10,705
Bank overdrafts	22,774	22,161	109,059
RCPS	84,861	12,969	-
Others	-	-	2,433
	304,291	568,278	1,088,617

18. PROFIT BEFORE TAX

	2021 RM	2022 RM	2023 RM
Profit before tax is stated after charging/(crediting):			
Bad debts written-off	4,526	-	-
Depreciation of plant and equipment	6,206	35,522	72,025
Depreciation of right-of-use assets	21,066	85,769	98,809
Direct expenses of investment property that generated rental income	3,185	2,691	3,211
Fair value gain on investment property	-	(356,022)	-
Interest income	(135)	(3,514)	(5,445)
Net realised loss on foreign exchange	904	5,377	17,326
Net unrealised (gain)/loss on foreign exchange	(710)	2,199	5,355
Plant and equipment written-off	2,228	600	-
Rental income	(7,731)	(27,204)	(24,540)
Subsidies from government	-	(25,000)	(19,465)

19. TAX EXPENSE

	2021 RM	2022 RM	2023 RM
<u>Current tax</u>			
Current financial year	868,825	1,300,000	2,515,326
Underprovision in previous financial year	25,751	51,502	155,677
	894,576	1,351,502	2,671,003
<u>Deferred tax</u>			
Current financial year	(185,626)	(180,116)	(460,418)
Overprovision in previous financial year	(1,063)	-	-
	(186,689)	(180,116)	(460,418)
Tax expense	707,887	1,171,386	2,210,585

The corporate income tax rate (the "applicable tax rate") in Malaysia is 24.00% while the first RM600,000 chargeable income is subject to a reduced tax rate.

The difference between tax expense and the amount of tax determined by multiplying the profit before tax to the applicable tax rate, is analysed as follows:

	2021 RM	2022 RM	2023 RM
Profit before tax	2,167,150	2,653,890	5,951,882
Tax expense calculated at 24.00%	520,116	636,934	1,428,452
Non-deductible expenses	205,083	524,950	668,456
Reduced tax rate	(42,000)	(42,000)	(42,000)
Adjustments for previous financial year	24,688	51,502	155,677
	707,887	1,171,386	2,210,585

Retained earnings of the Company are available for distributions by way of dividends. Under the single tier tax system, income tax on the Company's profit is a final tax in Malaysia, and any dividends distributed are not subject to income tax in the hands of the shareholders.

20. DIVIDENDS

	2021 RM	2022 RM	2023 RM
In respect of the financial year ended 31 August 2023:			
Interim single tier dividend of approximately RM5.4322 per share	-	-	2,999,960
Interim single tier dividend of approximately RM2.8453 per share	-	-	1,571,331
	-	-	4,571,291

The director does not propose the payment of any further dividend in respect of the financial year ended 31 August 2023.

21. EMPLOYEE BENEFITS EXPENSE

	2021 RM	2022 RM	2023 RM
Director's fees	766,590	480,000	216,278
Salaries, bonuses and allowances	539,809	1,252,635	1,718,900
Defined contribution plan	63,581	157,663	217,457
Others	6,365	15,050	23,006
	1,376,345	1,905,348	2,175,641

22. RELATED PARTY TRANSACTIONS

Other than those related party transactions and outstanding balances disclosed elsewhere in the financial statements, the significant related party transactions are disclosed below:

	2021 RM	2022 RM	2023 RM
Key management personnel compensation			
<u>Director</u>			
Fees	766,590	480,000	216,278
<u>Other key management personnel</u>			
Salaries, allowances and bonuses	203,000	216,000	232,000
Defined contribution plan	20,280	25,920	27,840
Others	923	924	1,159
	224,203	242,844	260,999
Total	990,793	722,844	477,277

23. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

	2021 RM	2022 RM	2023 RM
Financial assets at amortised costs			
Trade and other receivables	7,246,683	14,384,236	14,216,983
Fixed deposits	-	203,110	604,364
Cash and bank balances	1,688,445	713,126	212,201
	8,935,128	15,300,472	15,033,548
Financial liabilities at amortised costs			
Borrowings	4,128,326	7,457,127	16,737,100
Trade and other payables	4,569,329	7,981,916	3,717,071
	8,697,655	15,439,043	20,454,171

(b) Fair value of financial instruments

Management assessed that the fair values of all financial assets and financial liabilities approximate or are at their carrying amounts mainly due to their short term maturities or related interests are at market rate on these financial instruments.

24. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk, liquidity risk and interest rate risk. The Company's overall financial risk management objective is to optimise value for its shareholders. The Company does not trade in financial instruments.

The director reviews and agrees to policies and procedures for the management of these risks, which are executed by the Company's senior management.

(i) Credit risk

Credit risk is the risk of financial loss to the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company is exposed to credit risk primarily from its receivables. The Company has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables

At the reporting date, the maximum exposure to credit risk arising from trade receivables is represented by their carrying amounts in the statements of financial position.

The carrying amounts of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Company considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date. The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Company determines the concentration of credit risk by monitoring its trade receivables on an ongoing basis. At the reporting date, the Company has a concentration of credit risk in respect of five (2021), five (2022) and four (2023) trade receivables, representing approximately 98.00% (2021), 59.00% (2022) and 77.00% (2023) of the Company's total trade receivables.

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing with creditworthy counterparties. At the reporting date, the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations as and when they fall due. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Company's exposure to liquidity risk arises principally from trade and other payables and borrowings.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities as at the end of the reporting period based on contractual undiscounted repayment obligations:

2021	Within one year RM	One to five years RM	More than five years RM	Total RM
Borrowings	1,784,244	1,409,364	2,463,013	5,656,621
Trade and other payables	4,569,329	-	-	4,569,329
	6,353,573	1,409,364	2,463,013	10,225,950
Lease liabilities	4,000	-	-	4,000
	6,357,573	1,409,364	2,463,013	10,229,950
2022				
Borrowings	2,529,805	4,969,632	2,599,006	10,098,443
Trade and other payables	7,981,916	-	-	7,981,916
	10,511,721	4,969,632	2,599,006	18,080,359
Lease liabilities	110,840	123,176	-	234,016
	10,622,561	5,092,808	2,599,006	18,314,375
2023				
Borrowings	10,184,290	6,867,704	3,223,842	20,275,836
Trade and other payables	3,717,071	-	-	3,717,071
	13,901,361	6,867,704	3,223,842	23,992,907
Lease liabilities	107,008	16,168	-	123,176
	14,008,369	6,883,872	3,223,842	24,116,083

(iii) Interest rate risk

The Company is exposed to interest rate risk which is the risk that a financial instrument's fair value or future cash flows will fluctuate as a result of changes in market interest rates.

Exposure to interest rate risk is primarily related to the Company's interest-bearing borrowings.

Sensitivity analysis for interest rate risk

A sensitivity analysis has been performed based on the outstanding floating rate term loans of the Company as at the reporting period. If interest rates increase or decrease by 5 percentage point with all other variables held constant, the Company's profit before tax would decrease or increase by RM180,000 (2021), RM373,000 (2022) and RM837,000 (2023).

25. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratio in order to support its business and maximise shareholders' value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There have been no changes in the objectives, policies and processes during the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023.

WILSTECH SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTOR

I, Low Min Yew, being the director of Wilstech Sdn. Bhd. (the "Company"), do hereby state that, in my opinion, the accompanying financial statements set out on pages 4 to 53 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 August 2021, 31 August 2022 and 31 August 2023, and of its financial performance and its cash flows for each of the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Signed by the director in accordance with a director's resolution.

LOW MIN YEW
Director

Kuala Lumpur
24 January 2024