OTHER INFORMATION (CONT'D)

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

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

In the opinion of the directors:

(i) except for the completion of disposal as disclosed in the note 14 and the reversal of impairment loss in investment in a subsidiary in the note 7 to financial statements, the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

EVENTS OCCURRED DURING AND AFTER THE REPORTING PERIOD

Events occurred during and after the reporting year are disclosed in notes **32** and **33** to the financial statements.

AUDITORS

To the extent permitted by laws, the Company has agreed to indemnify its auditors, as part of the terms of its audit engagement, against claims by third parties arising from the audit. No payment has been made to indemnify the auditors for the current financial year.

The total amount paid to or receivable by the auditors of the Group and of the Company as remuneration for their services as auditors for the current financial year are as follows:

	Group	Company
	RM'000	RM'000
Statutory audit:		
- Auditors of the Company	201	92
- Other auditors	111	111
Other assurance engagements :		
- Auditors of the Company	14	10
	326	213

Registration No.: 198401002327 (114842-H)

AUDITORS (CONT'D)

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

SABRI BIN AB RAHMAN Director	WONG YOKE NYEN Director

Registration No.: 198401002327 (114842-H)

Independent Auditor's Report

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
PERTAMA DIGITAL BERHAD
Registration No.: 198401002327 (114842-H)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pertama Digital Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of total comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 98 to 174.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
PERTAMA DIGITAL BERHAD
Registration No.: 198401002327 (114842-H)
(Incorporated in Malaysia)

Group

<u>Measurement of other intangible assets</u>

Refer to "Other Intangible Assets" and "Significant Accounting Judgements and Estimates" in Notes 6 and 4(ii and iii) to the financial statements respectively.

The risk:

The Group is involved in the development of new mobile and digital solutions or the improvement of existing mobile and digital solutions. As at 31 December 2022, the carrying amount of development costs amounted to RM5,322,000. These include both capitalised development costs available for use and development costs work-in-progress as at the financial year end.

The capitalised development costs available for use are amortised on a straight-line method over its useful life and reviewed annually by the management for indicators of impairment. The development costs work-in-progress are subject to impairment assessment, irrespective of whether there is any indication of impairment. In determining the recoverable amount of the cash-generating unit, management estimates the value in use of the assets. Management assessed the value in use based on approved cash flow projections and business plans and applied a suitable discount rate to calculate the net present value of those estimated cash flows.

This is considered a key audit matter, due to the significance of the carrying amount of development costs at the end of financial year and use of significant management's estimates and judgements required for the preparation of underlying key assumptions in the impairment assessment.

Our response:

In addressing the risk, we performed, amongst others, the following procedures:

- Reviewed management's basis and assumptions in the determination of useful lives to amortise capitalised development costs available for use.
- Updated our understanding on management's internal process for amortisation and impairment assessment and reviewed the design and implementation of key controls implemented by management.
- Obtained value-in-use calculations prepared by management for the development costs work-in-progress and tested the reasonableness of key assumptions used in the calculations, including reviewing the appropriateness of the input data in deriving the discount rate with the involvement of our valuation experts.
- Performed sensitivity analysis to test the reasonable possible changes to the key assumptions in the cash flow projections.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
PERTAMA DIGITAL BERHAD
Registration No.: 198401002327 (114842-H)
(Incorporated in Malaysia)

Company

Impairment review of investment in a subsidiary

Refer to "Investments in subsidiaries" and "Significant Accounting Judgements and Estimations" in notes 7 and 4 (iv) to the financial statements respectively.

The risk:
As at the balance sheet date, the Company has an investment in a subsidiary with a carrying amount of RM18,346,000.

The management identified certain indicators of impairment and, tested the carrying amount of investment in a subsidiary for impairment by assessing the value in use based on the approved cash flow projections and business plans of a subsidiary.

This involved a comparison of the cost of investment to its recoverable amount of the cash-generating unit determined based on the value in use.

As a result, in the current financial year, the Company made a reversal of impairment loss of RM5,787,000 in profit or loss due to higher assessed recoverable amount of the subsidiary as compared to its carrying amount at the end of reporting period.

This area was significant to our audit because the impairment assessment involved significant management judgement which required the management to make various assumptions in the underlying cash flow forecasts. For these reasons, we have identified this as a key audit matter.

Our response:

In addressing the risk, we performed, amongst others, the following procedures:

- Obtained an understanding of management's internal process for investment in a subsidiary annual impairment assessment.
- Evaluated and challenged the reasonableness of key assumptions used by management in the cash flow projections, including reviewing the appropriateness of the input data in deriving the discount rate with the involvement of our valuation experts.
- Performed sensitivity analysis to test the reasonable possible changes to the key assumptions in the cash flow projections.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
PERTAMA DIGITAL BERHAD
Registration No.: 198401002327 (114842-H)
(Incorporated in Malaysia)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
PERTAMA DIGITAL BERHAD
Registration No.: 198401002327 (114842-H)
(Incorporated in Malaysia)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in note 7 to the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
PERTAMA DIGITAL BERHAD
Registration No.: 198401002327 (114842-H)
(Incorporated in Malaysia)

Other Matters

The report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MAZARS PLT
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants

RAJVINDERJIT SINGH A/L SAVINDER SINGH
03400/11/2024 J
Chartered Accountant

Kuala Lumpur

Registration No.: 198401002327 (114842-H)

Statements of Financial Position

As at 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	5	152	151	-	-
Other intangible assets	6	5,322	2,397	-	-
Investments in subsidiaries	7	-	-	18,346	12,559
Investments in joint ventures	8	-	-	-	-
Goodwill	9	-	4,110	-	-
		5,474	6,658	18,346	12,559
Current Assets					
Trade receivables	10	376	327	-	-
Contract assets	11	22	2,178	-	-
Other receivables, deposits and prepayments	12	10,872	134	10,636	9,890
Current tax asset		12	-	-	-
Fixed deposits with licensed banks	13	8,663	14,315	8,633	14,315
Cash and bank balances	13	133,611	7,042	145	2,345
		153,556	23,996	19,414	26,550
Assets classified as held for sale	14	-	157,833	-	70,000
		153,556	181,829	19,414	96,550
TOTAL ASSETS		159,030	188,487	37,760	109,109

Registration No.: 198401002327 (114842-H)

Statements of Financial Position (continued)

As at 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	48,816	48,816	48,816	48,816
Reserves	16	(33,934)	22,779	(13,102)	(16,521)
		14,882	71,595	35,714	32,295
Reserves classified as held for sale	14	-	55,755	-	-
Equity attributable to owners of the company		14,882	127,350	35,714	32,295
Non-controlling interests		1,059	(5,073)	-	-
TOTAL EQUITY		**15,941**	**122,277**	**35,714**	**32,295**
CURRENT LIABILITIES					
Trade Payables	17	475	2,096	-	-
Other Payables and accruals	18	134,614	39,379	2,046	76,814
Bank borrowing	19	8,000	8,000	-	-
		143,089	49,475	2,046	76,814
Liabilites classified as held for sale	14	-	16,735	-	-
TOTAL LIABILITIES		143,089	66,210	2,046	76,814
TOTAL EQUITY AND LIABILITIES		159,030	188,487	37,760	109,109

Registration No.: 198401002327 (114842-H)

Statements of Total Comprehensive Income

For the Financial Year ended 31 December 2022

(with comparative figure for the period of 1 July 2020 to 31 December 2021)

	Note	Group		Company	
		1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Continuing operations					
Revenue	20	8,779	8,277	942	480
Cost of sales		(5,972)	(6,873)	-	-
Gross profit		2,807	1,404	942	480
Other income and gains		1,253	1,326	9,482	740
Selling and distribution expenses		(387)	(255)	-	-
Administrative and general expenses		(12,901)	(7,571)	(6,624)	(5,041)
Other expenses		(304)	(21,260)	(381)	(9,590)
Finance costs		(373)	(588)	-	-
Share of results of a joint venture		-	(445)	-	-
(Loss)/Profit before tax	21	(9,905)	(27,389)	3,419	(13,411)
Taxation	22	(13)	(20)	-	-
(Loss)/Profit for the financial year/period		(9,918)	(27,409)	3,419	(13,411)
Discontinued operations					
(Loss)/Profit for the financial year/period	23	(28,094)	13,937	-	-
Total (loss)/profit for the financial year/period		(38,012)	(13,472)	3,419	(13,411)
Other comprehensive income, net of tax:					
Item that will be reclassified subsequently to profit or loss					
Foreign currency translation differences from discontinued operations		1,358	15,335	-	-
Total comprehensive (loss)/profit for the financial year/period		(36,654)	1,863	3,419	(13,411)

Registration No.: 198401002327 (114842-H)

Statements of Total Comprehensive Income (continued)

For the Financial Year ended 31 December 2022

(with comparative figure for the period of 1 July 2020 to 31 December 2021)

	Note	Group		Company	
		1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Total (loss)/Profit for the financial year/period attributable to:					
Owners of the Company		(37,434)	(12,573)	3,419	(13,411)
Non-controlling interests		(578)	(899)	-	-
		(38,012)	(13,472)	3,419	(13,411)
Total comprehensive (loss)/income for the financial year/period attributable to:					
Owners of the Company		(36,076)	2,762	3,419	(13,411)
Non-controlling interests		(578)	(899)	-	-
		(36,654)	1,863	3,419	(13,411)
(Loss)/Earnings per share (sen)	24				
Basic					
• continuing operations		(2.16)	(6.12)		
• discontinued operations		(6.48)	3.22		
Diluted					
• continuing operations		(2.16)	(6.12)		
• discontinued operations		(6.48)	3.22		

The accompanying notes form an integral parts of the financial statements

Registration No.: 198401002327 (114842-H)

Statements of Changes in Equity

For the Financial Year ended 31 December 2022

(with comparative figure for the period of 1 July 2020 to 31 December 2021)

		Attributable to Owners of the Company						
		Non-Distributable		Distributable				
Group	Note	Share capital RM'000	Statutory reserves RM'000	Reserves Classified as Held For Sale RM'000	(Accumulated losses)/ Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2020		134,816	15,933	40,420	(66,581)	124,588	3,152	127,740
Acquisition of a subsidiary	7	-	-	-	-	-	(7,326)	(7,326)
Share capital reduction	15	(86,000)	-	-	86,000	-	-	-
Loss for the financial period		-	-	-	(12,573)	(12,573)	(899)	(13,472)
Other comprehensive income for the financial period								
Foreign currency translation differences		-	-	15,335	-	15,335	-	15,335
Total comprehensive income/(loss) for the financial period		-	-	15,335	(12,573)	2,762	(899)	1,863
Transfer to statutory reserves		-	2,009	-	(2,009)	-	-	-
At 1 January 2022		48,816	17,942	55,755	4,837	127,350	(5,073)	122,277
Loss for the financial year		-	-	-	(37,434)	(37,434)	(578)	(38,012)
Other comprehensive income for the financial period								
Foreign currency translation differences		-	-	1,358	-	1,358	-	1,358
Total comprehensive income/(loss) for the financial year		-	-	1,358	(37,434)	(36,076)	(578)	(36,654)
Profit guarantee refund		-	-	-	-	-	6,710	6,710
Transfer to statutory reserves		-	1,337	-	(1,337)	-	-	-
Disposal of a subsidiary	14	-	(19,279)	(57,113)	-	(76,392)	-	(76,392)
At 31 December 2022		48,816	-	-	(33,934)	14,882	1,059	15,941

The accompanying notes form an integral parts of the financial statements

Registration No.: 198401002327 (114842-H)

Statements of Changes in Equity (continued)

For the Financial Year ended 31 December 2022

(with comparative figure for the period of 1 July 2020 to 31 December 2021)

Company	Note	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 July 2020		134,816	(89,110)	45,706
Share capital reduction	15	(86,000)	86,000	-
Total comprehensive loss for the financial period		-	(13,411)	(13,411)
At 1 January 2022		48,816	(16,521)	32,295
Total comprehensive income for the financial year		-	3,419	3,419
At 31 December 2022		48,816	(13,102)	35,714

The accompanying notes form an integral part of the financial statements

Registration No.: 198401002327 (114842-H)

Statements of Cash Flow

For the Financial Year ended 31 December 2022

(with comparative figure for the period of 1 July 2020 to 31 December 2021)

	Note	Group		Company	
		1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
OPERATING ACTIVITIES					
(Loss)/Profit before tax					
• continuing operations		(9,905)	(27,389)	3,419	(13,411)
• discontinued operations		(25,155)	18,786	-	-
Adjustments for:					
Amortisation of development costs		416	219	-	-
Depreciation of property, plant and equipment		44	16	-	-
Dividend income		(321)	(3,161)	-	-
Negative goodwill		(515)	-	-	-
Impairment loss on goodwill		-	20,352	-	-
(Reversal)/Addition of impairment loss on investment in a subsidiary		-	-	(5,787)	5,787
Interest expense		373	588	-	-
Interest income		(964)	(6,388)	(942)	(480)
Inventories written down/(back), net		917	(1,088)	-	-
Bad debts written off		3,416	-	-	-
Loss allowance on trade receivables		-	188	-	-
Loss on re-measurement to fair value less costs to sell		40,941	5,018	-	-
Loss/(Gain on disposal of subsidiary group		4,572	-	(2,965)	-
Loss on disposal of a subsidiary		-	862	-	620
Loss on disposal of property, plant and equipment		-	685	-	-
Property, plant and equipment written off		659	767	-	-
Share of results of joint ventures		(979)	(478)	-	-
Unrealised (gain) / loss on foreign exchange		(3,159)	-	(3,159)	3,183
Waiver of debts from a former subsidiary		-	-	-	(740)
Waiver of debts from a director		-	(64)	-	-

Registration No.: 198401002327 (114842-H)

Statements of Cash Flow (continued)

For the Financial Year ended 31 December 2022

(with comparative figure for the period of 1 July 2020 to 31 December 2021)

	Note	Group		Company	
		1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Operating profit/(loss) before working capital changes		10,340	8,913	(9,434)	(5,041)
Changes in inventories		(1,420)	4,424	-	-
Changes in receivables		2,769	(1,081)	(29)	(9,534)
Changes in payables		(3,185)	3,433	1,355	301
Cash generated from/(used in) operations		8,504	15,689	(8,108)	(14,274)
Interest received		964	320	226	186
Tax paid, net		(1,943)	(1,107)	-	-
Net cash generated from/(used in) operating activities		7,525	14,902	(7,882)	(14,088)
INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired		-	(5,595)	-	-
Addition of development costs		(3,341)	(245)	-	-
Acquisition of other investment		-	(4,942)	-	-
Acquisition of property, plant and equipment					
• continuing operations		(45)	(130)	-	-
• discontinued operations		-	(1,183)		
Acquisition of short-term investments, net		(8,462)	(22,176)	-	-
Consideration received for disposal of subsidiaries held for sale		-	30,515	-	30,515
Interest received		-	6,068	-	-
Uplift of fixed deposits, net		572	760	-	-
Proceeds from disposal property, plant and equipment		-	529	-	-
Net outflow from disposal of a subsidiary		(20,589)	-	-	-
Proceeds from disposal of a subsidiary, net of cash and cash equivalents disposed of		-	121	-	130
Dividend income received from a joint venture		321	3,161	-	-
Net cash (used in)/generated from investing activities		(31,544)	6,883	-	30,645

Registration No.: 198401002327 (114842-H)

Statements of Cash Flow (continued)

For the Financial Year ended 31 December 2022

(with comparative figure for the period of 1 July 2020 to 31 December 2021)

	Note	Group 1.1.2022 to 31.12.2022 RM'000	Group 1.7.2020 to 31.12.2021 RM'000	Company 1.1.2022 to 31.12.2022 RM'000	Company 1.7.2020 to 31.12.2021 RM'000
FINANCING ACTIVITIES					
Increase in pledged deposit		(30)	(8,000)	-	(8,000)
Drawdowns of bank borrowing		-	250	-	-
Interest paid		(373)	(588)	-	-
Net cash used in financing activities		(403)	(8,338)	-	(8,000)
NET CHANGES IN CASH AND CASH EQUIVALENTS		(24,422)	13,447	(7,882)	8,557
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		26,982	13,437	8,660	103
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH AND CASH EQUIVALENTS		-	98	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	13	2,560	26,982	778	8,660

	Note	Group 1.1.2022 to 31.12.2022 RM'000	Group 1.7.2020 to 31.12.2021 RM'000	Company 1.1.2022 to 31.12.2022 RM'000	Company 1.7.2020 to 31.12.2021 RM'000
Cash and cash equivalents comprises of the following:					
Continuing Operations					
Fixed deposits with licensed banks		8,663	14,315	8,633	14,315
Cash and bank balances		136,565	7,042	145	2,345
		145,228	21,357	8,778	16,660
Discontinued operations					
Fixed deposits with licensed banks		-	393	-	-
Cash and bank balances		-	13,625	-	-
		-	14,018	-	-
Less:					
Fixed deposits with tenure of more than three months		-	(393)	-	-
Pledged fixed deposit		(8,030)	(8,000)	(8,000)	(8,000)
Restricted Deposits		(134,638)	-	-	-
		(142,668)	5,625	(8,000)	(8,000)
		2,560	26,982	778	8,660

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Notes to the Financial Statements

For the Financial Year ended 31 December 2022

PERTAMA DIGITAL BERHAD
(Incorporated in Malaysia)

1. GENERAL INFORMATION

Pertama Digital Berhad is a public company limited by way of shares and is incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are disclosed in page 1.

The consolidated financial statements of the Company as at 31 December 2022 and for the financial year then ended comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in joint venture.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in note 7. There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All amounts in the financial statements are rounded to the nearest thousand, unless otherwise stated.

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 which are set out in note 3.

Application of new amendments

In the current financial year, the Group and the Company have applied a number of new amendments that became effective mandatorily for the financial year beginning on or after 1 January 2022. The adoption of the new amendments did not have significant impact on the disclosures or on the amounts reported in the financial statements.

2. BASIS OF PREPARATION (CONT'D)

Amendments and new standard issued that are not yet effective

The Group and the Company have not applied the following amendments and new standard that have been issued by the MASB, which may be relevant to the Group and the Company, but not yet effective:

		Effective Date
MFRS 17	Insurance Contracts	1 January 2023
Amendment to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative	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 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
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
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 MASB

The adoption of the above amendments and new standard are not expected to have significant impact on the financial position and financial performance of the Group and of the Company upon their initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of consolidation

Subsidiaries are entities (including structured entities, if any) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Business combinations

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

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

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.

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

(a) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interests in the investee; and (iii) the fair value of the Group's previously held equity interest in the investee, if the business combination achieved in stages.

(b) The net fair value of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, a business combination in which the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain in profit or loss.

Measurement period adjustments are adjustments that arise from additional information obtained during twelve months from the acquisition date, about facts and circumstances that existed at the acquisition date. If the initial accounting for a business combination is incomplete by the reporting date in which the business combination occurs, the Group reports provisional amounts for the business combination. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of the acquisition date.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Basis of consolidation (cont'd)

(a) Business combinations (cont'd)

When the consideration in a business combination includes contingent consideration, the contingent consideration is measured at fair value on acquisition date.

- Subsequent changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

- Subsequent changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments: (i) contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity; or (ii) other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value 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.

When the reverse acquisition accounting is used, the difference between the nominal value of accounting acquiree and the Company and the par value of the enlarged issued and paid-up share capital of the Company after the acquisition of the business is treated as a reverse acquisition reserve. The reverse acquisition reserve is adjusted against suitable reserves of the accounting acquiree to the extent that laws or statues do not prohibit the use of such reserves.

(b) Non-controlling interests

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Basis of consolidation (cont'd)

(c) Changes in ownership interests in subsidiaries without change of control

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

(d) Loss of control

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

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

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

(ii) Functional and foreign currencies

(a) 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Functional and foreign currencies (cont'd)

(b) 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.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in joint ventures 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 a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in joint ventures that includes a foreign operation while retaining joint control, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

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

(iii) Financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) Financial instruments (cont'd)

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

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

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) Financial assets

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) Financial instruments (cont'd)

(a) Financial assets (cont'd)

Equity instruments (cont'd)

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 of these financial liabilities are recognised in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability is recognised directly in other comprehensive income and is not subsequently reclassified to profit or loss upon the derecogntion of the financial liability.

(ii) Other financial liabilities

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

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

(c) Equity instruments

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) Financial instruments (cont'd)

(d) Statutory reserve

The Company's subsidiary in the People's Republic of China ("PRC") is required to maintain certain statutory reserves by appropriating from profit after taxation in accordance with the relevant laws and regulations in the PRC and articles of association of the subsidiary before declaration or payment of dividends. The reserves form part of the equity of the Group. The statutory reserve fund can be used to increase the registered capital and eliminate future losses of the subsidiary, but it cannot be distributed to shareholders, except in the event of a solvent liquidation of the subsidiary.

The appropriation to the statutory surplus reserve represents 10 percent of the profit after taxation of each individual PRC subsidiary. In accordance with the laws and regulations in the PRC, the appropriations to statutory reserve cease when the balances of the reserve reach 50 percent of the registered capital of the subsidiary. The statutory reserve is not distributable by way of dividends.

(e) Financial guarantee contracts

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

Financial guarantee contracts issued are initially measured at their fair values and, if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the loss allowance determined in accordance with MFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amount of income recognised.

(f) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) Financial instruments (cont'd)

(f) Derecognition (cont'd)

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.

(iv) Investments in subsidiaries

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

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

(v) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Joint arrangements (cont'd)

Joint ventures

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to the end of reporting year. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of total comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale.

The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition results and reserves. The cost of investment includes transaction costs.

The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition results and reserves. The cost of investment includes transaction costs.

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

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

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(vi) Property, plant and equipment

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

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

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

Depreciation is charged to profit or loss on a straight-line method to write off the depreciable amount of the assets net of the estimated residual values over their estimated useful lives. The useful lives of property, plant and equipment are as follows:

Buildings	50 years
Leasehold land and buildings	50 years
Plant and machinery	12 years
Computer	5 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	5 years
Renovation	5 years

Property, plant and equipment are not depreciated upon classified as held for sale.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(vii) Land use rights

All land in the PRC is owned by the State or collectives. Individuals and companies are permitted to acquire land use rights for general or specific purposes. In the case when land is used for industrial purposes, the land use rights are granted for a period of 50 years. The rights may be renewed at the expiration of the initial and any subsequent terms according to the relevant Chinese laws. Granted land use rights are transferable and may be used as security for borrowings and other obligations.

The cost of acquisition of land use rights is capitalised and amortised on a straight-line basis over the lease term of the land of 50 years. Once it is classified as held for sale, it is not amortised.

(viii) Investment properties

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

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

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

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

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

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

Transfers are made to or from investment properties only when there is a change in use. All transfers do not change the carrying amount of the property once classified as held for sale. Investment properties are not depreciated once classified as held for sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ix) Intangible assets

(a) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

(b) Other intangible assets - development costs

Costs incurred during the development phase are capitalised as assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure during development phases can be reliably measured.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses. The development costs are amortised on a straight-line basis over its useful life from the point at which the asset is ready for sale or use. The amortisation period and the amortisation method are reviewed at each reporting date.

The estimated useful lives for development costs available for use is between 3 to 10 years.

Development costs that do not meet these criteria are recognised as an expense when incurred. Development costs initially recognised as an expense is not recognised as an asset in the subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

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

(xi) Contract asset and contract liability

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

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

(xii) 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 average maturity periods of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of fixed deposits with tenure more than three months, pledged fixed deposits and restricted deposits.

(xiii) Non-current assets (or disposal groups) and discontinued operations held for sale

Non-current assets (or disposal groups) are classified as held-for-sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable with the asset (or disposal group) being available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to be completed within one year from the date of classification.

They are measured at the lower of the carrying amount and fair value less costs to sell. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xiii) Non-current assets (or disposal groups) and discontinued operations held for sale

Depreciation and amortisation for a non-current asset ceases once it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognised.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

(i) represents a separate major line of business or geographical area of operations;
(ii) is part of a single co-ordinated plan to dispose of a separate major line or geographical area of operations; or
(iii) is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations is disclosed separately from continuing operations as a single amount comprising the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

(xiv) Impairment

(a) Impairment of financial assets

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

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

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

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xiv) Impairment (cont'd)

(a) Impairment of financial assets (cont'd)

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 twelve months expected credit losses.

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

(b) Impairment of non-financial assets

The carrying values of non-financial assets are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets or cash generating-units ("CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU that are expected to benefit from the synergies of the combination.

The recoverable amount for an asset or CGU is the greater of its value in use and its fair value less costs of disposal. 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 cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of CGUs) on a pro-rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xiv) Impairment (cont'd)

(b) Impairment of non-financial assets (cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(xv) 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 and its subsidiaries' 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.

(xvi) Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xvi) Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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.

(c) Value added tax ("VAT")

The Group's sales of goods in the PRC are subject to VAT at the applicable tax rate for the PRC domestic sales. Input VAT on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the tax authority is included as part of "other receivables" or "other payables" in the consolidated statements of financial position.

Revenue, expenses and assets are recognised net of the amount of VAT except:

(i) where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
(ii) receivables and payables that are stated with the amount of VAT included.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xvii) 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.

(xviii) Earnings per ordinary shares

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 year, adjusted for own shares held.

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

(xix) Fair value measurements

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xx) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration 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.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

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

(a) Sale of goods

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

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

(b) Rendering of services

Revenue from providing mobile and digital solutions services is recognised at a point in time when the relevant services are rendered or is recognised over time using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xx) Revenue from contracts with customers (cont'd)

(c) Construction services

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

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

Income from other sources

Interest income

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

Dividend Income

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

(xxi) Leases

The Group as lessor

Leases are classified as finance leases or operating leases. Whenever the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xxi) Leases (cont'd)

The Group as lessee

When the lease commences, the lessee will recognise the right-of-use of asset and a lease liability, except for short-term leases and leases of low value assets.

For short-term leases (i.e., leases with a lease term of 12 months or less) and leases of low value assets, lease payment are recognised as an expense on a straight-line basis over the lease term.

The lease liabilities is measured at present value for lease payment that have not been paid at date. The lease shall be discounted using the interest rate implicit in the lease. If the rate is unable to be determined, the incremental borrowing rate will be used.

The right-of-use assets comprise the corresponding lease liability, lease payments made at or before the lease commencement date and initial direct costs. Whenever there is an obligation to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the agreed condition, a provision is recognised. These costs are included in the related right-of-use assets.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying assets. The depreciation starts on the lease commencement date. The depreciation periods and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

(xxii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probably that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, a provision represents the present value of estimated future those cash flows.

When some or all of the cash flows required to settle a provision are expected to be recovered from a third party, an asset is recognised if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xxiii) Borrowing costs

All borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing cost may include interest expense, interest in respect of lease liability and interest cost arising from foreign currency borrowings.

Borrowing cost can be included as part of the cost of asset if it is related to the acquisition cost. An entity can capitalise the borrowing cost when it incurs expenditure for the asset, incurs borrowing costs and undertakes activities that are necessary to prepare the asset for its intended use or sale.

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 financial year in which the estimate is revised and in any future financial periods affected.

Judgement made in applying accounting policies

The significant judgements made by management in the process of applying the Group's accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

Capitalisation of development costs

The management monitors progress of research and development projects on an ongoing basis in accordance with the Group's research and development policy. Significant judgement is involved in distinguishing the research and the development phases of a project.

The management capitalises qualifying costs incurred in development phase of a product development project in accordance with the Group's accounting policy. Capitalised development costs are measured at cost less accumulated amortisation and impairment losses, if any. The capitalisation of development costs is based on the management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to the Group's research and development policy. In determining the amounts to be capitalised, the management estimates the future cash flows of the projects, useful lives of the development costs and discount rates.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATIONS (CONT'D)

Key Estimation and Assumption

The key assumptions concerning the future and other key sources associated with estimated 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:

(i) Trade receivables and contract assets

Management assesses the expected credit losses ("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 Group and the cash flows that it actually expects to receive. Management applies simplified approach in assessing the impairment of trade receivables and contract assets.

In determining the ECL, management uses 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 is primarily based upon the historical credit loss experience.

(ii) Depreciation of property, plant and equipment and amortisation of development costs

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment and development costs based on the historical experience of the actual useful lives of the assets commercial factors which could change significantly as a result of technical innovations and competitor's actions in response to the current market conditions.

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. Management will increase the depreciation/amortisation charge where useful lives are less than previously estimated lives.

(iii) *Impairment of non-financial assets*

The management performed impairment testing for goodwill annually, and if there is indication of possible impairment identified for other non-financial assets at the reporting date.

The Group determines whether their non-financial asset is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(iv) *Impairment of investments in subsidiaries*

Investments in subsidiaries are stated at cost less impairment losses in the Company's statement of financial position. The management performed its assessment as to whether at the reporting date, there is any indication of impairment has occurred. In making the estimation, the management evaluate, among other factors, the current financial performance and financial position of the subsidiaries.

The management performed the impairment testing on the carrying amount of investments in subsidiaries based on the assessment of recoverable amount compared with their carrying values as disclosed in note 7 to the financial statements.

(v) *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 Group 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.

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5. PROPERTY, PLANT AND EQUIPMENT

	Computer RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Total RM'000
Group					
Cost					
As at 1.1.2022	273	5	146	10	434
Additions	45	–	–	–	45
As at 31.12.2022	318	5	146	10	479
Accumulated depreciation					
As at 1.1.2022	122	5	146	10	283
Depreciation for the year	44	–	–	–	44
As at 31.12.2022	166	5	146	10	327
Carrying amount					
As at 31.12.2022	152	–	–	–	152

	Note	Freehold Land RM'000	Computer RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Total RM'000
Group							
Cost							
As at 1.7.2020		187	–	–	–	–	187
Remeasurement arising from completion of purchase price allocation exercise		(187)	–	–	–	–	(187)
As restated		–	–	–	–	–	–
Acquisition of a subsidiary	7(c)	–	143	5	146	10	304
Additions		–	130	–	–	–	130
As at 31.12.2021		–	273	5	146	10	434
Accumulated depreciation							
As at 1.7.2020		–	–	–	–	–	–
Acquisition of a subsidiary	7(c)	–	107	5	146	9	267
Depreciation for the period		–	15	–	–	1	16
As at 31.12.2021		–	122	5	146	10	283
Carrying amount							
As at 31.12.2021		–	151	–	–	–	151