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

GrantThornton

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

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Date:

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

Dear Sirs,

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

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

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

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

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

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Directors' Responsibility for the Pro Forma Financial Position

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

Our Independence and Quality Control

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

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

Reporting Accountants' Responsibility

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

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

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

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

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Reporting Accountants' Responsibility (Cont'd)

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

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

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

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

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

Opinion

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

Other Matter

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

Yours faithfully,

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

ANTONY LEONG WEE LOK
(NO: 03381/06/2022 J)
CHARTERED ACCOUNTANT

Kuala Lumpur

Pro Forma Financial Position

The pro forma consolidated statement of financial position of the Group as at 31 March 2022 ("Pro Forma Financial Position") as set out below has been prepared for illustrative purposes only to show the effects of the transactions referred to Note 2 had these events or transactions been effected on 31 March 2022, and should be read in conjunction with the notes accompanying to the Pro Forma Financial Position.

		As at 31 March 2022[1] RM'000	Adjustments for Proposed Share Consolidation RM'000	Pro forma I After Proposed Share Consolidation RM'000	Adjustments for Proposed Public Issue RM'000	Pro forma II After Proforma I And Proposed Public Issue RM'000	Adjustments for Utilisation of Proceeds RM'000	Pro forma III After Proforma II and Utilisation of Proceeds RM'000
ASSETS								
NON-CURRENT ASSETS								
Equipment	4(a)	435	-	435	-	435	[●]	[●]
Right-of-use assets		778	-	778	-	778	-	778
Investment in a joint venture		206	-	206	-	206	-	206
Other investments		175	-	175	-	175	-	175
Total non-current assets		1,594	-	1,594	-	1,594	[●]	[●]
CURRENT ASSETS								
Trade receivables		4,434	-	4,434	-	4,434	-	4,434
Other receivables, deposits and prepayments	4(b)	1,406	-	1,406	-	1,406	[●]	[●]
Tax recoverable		39	-	39	-	39	-	39
Fixed deposits placed with licensed banks		4,098	-	4,098	-	4,098	-	4,098
Cash and bank and short term investments	4(c)	2,418	-	2,418	[●]	[●]	[●]	[●]
Total current assets		12,395	-	12,395	[●]	[●]	[●]	[●]
TOTAL ASSETS		13,989	-	13,989	[●]	[●]	[●]	[●]
EQUITY AND LIABILITIES								
EQUITY								
Equity attributable to owners of the Company:-								
Share capital	4(d)	4,000	-	4,000	[●]	[●]	[●]	[●]
Retained earnings	4(e)	7,087	-	7,087	-	7,087	[●]	[●]
		11,087	-	11,087	[●]	[●]	[●]	[●]
Non-controlling interests		46	-	46	-	46	-	46
TOTAL EQUITY		11,133	-	11,133	[●]	[●]	[●]	[●]

12. FINANCIAL INFORMATION *(CONT'D)*

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

Pro Forma Financial Position (Cont'd)

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

Note:-
[1] Extracted from the Group's audited consolidated financial statements for the financial year ended 31 March 2022.

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

Notes to the Pro Forma Financial Position

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

1 **Basis of Preparation**

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

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

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

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

2 **Listing Scheme**

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

2.1 **Proposed Share Consolidation**

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

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

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

Notes to the Pro Forma Financial Position (Cont'd)

2 **Listing Scheme (Cont'd)**

2.2 **Proposed Public Issue**

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

(i) 16,250,000 new Issue Shares, representing 5.0% of the enlarged total number of shares, will be made available for application by the Malaysian Public through a balloting process, of which 50.0% will be set aside for Bumiputera investors;

(ii) 6,500,000 new Issue Shares, representing 2.0% of the enlarged total number of shares, will be made available for application by eligible Directors, employees and business associates of the Group; and

(iii) 62,250,000 new Issue Shares, representing approximately 19.2% of the enlarged total number of shares, will be made available for application by way of private placement to selected investors.

2.3 **Utilisation of Proceeds**

The estimated gross proceeds from the Proposed Public Issue of RM[●] are intended to be utilised in the following manner:

Details of utilisation	**Estimated timeframe for utilisation from the date of Proposed Listing**	**RM'000**	**%**
Investment in a dedicated research and development team (1)	Within 24 months	[●]	[●]
Investment in a dedicated sales, marketing and business development team (2)	Within 36 months	[●]	[●]
Investment in a dedicated technical support and maintenance services division (3)	Within 36 months	[●]	[●]
Establishment of a training and development centre (4)	Within 36 months	[●]	[●]
Regional expansion to Singapore (5)	Within 36 months	[●]	[●]
Working capital and related capital expenditure (6)	Within 12 to 30 months	[●]	[●]
Estimated listing expenses (7)	Immediately upon listing	[●]	[●]
Total estimated proceeds		[●]	**100**

Notes to the Pro Forma Financial Position (Cont'd)

2 **Listing Scheme (Cont'd)**

2.3 **Utilisation of Proceeds (Cont'd)**

Notes:

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

	RM'000
Payroll expenses (9)	[●]
Purchase of computer and software (8)	[●]
Software licenses subscription	[●]
Total	[●]

As at the latest practicable date of 15 December 2021, none of the above total utilisation of proceeds for investment in a dedicated research and development team is factually supportable by any purchase orders, sales and purchase agreements or contractual binding arrangements. However, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the SC, the Group has illustrated the total utilisation of proceeds for the said expenditure of RM[●] million to be raised from the Proposed Public Issue in the Pro Forma Financial Position.

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

	RM'000
Payroll expenses (9)	[●]
Purchase of computer and software (8)	[●]
Software licenses subscription	[●]
Total	[●]

As at the latest practicable date of 15 December 2021, none of the above total utilisation of proceeds for investment in a dedicated sales, marketing and business development team is factually supportable by any purchase orders, sales and purchase agreements or contractual binding arrangements. However, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the SC, the Group has illustrated the total utilisation of proceeds for the said expenditure of RM[●] million to be raised from the Proposed Public Issue in the Pro Forma Financial Position.

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

Notes to the Pro Forma Financial Position (Cont'd)

2 **Listing Scheme (Cont'd)**

2.3 **Utilisation of Proceeds (Cont'd)**

Notes (cont'd):

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

	RM'000
Payroll expenses (9)	[●]
Customised support and maintenance system development	[●]
Purchase of computer and software (8)	[●]
Software licenses subscription	[●]
Total	[●]

As at the latest practicable date of 15 December 2021, none of the above total utilisation of proceeds for investment in a dedicated support and maintenance services division is factually supportable by any purchase orders, sales and purchase agreements or contractual binding arrangements. However, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the SC, the Group has illustrated the total utilisation of proceeds for the said expenditure of RM[●] million to be raised from the Proposed Public Issue in the Pro Forma Financial Position.

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

	RM'000
Payroll expenses (9)	[●]
Setting up training and development centre	
- Training syllabus cost	[●]
- Rental of office	[●]
- Purchase of equipment (8)	[●]
- Office renovation (8)	[●]
Development of training system	[●]
Total	[●]

As at the latest practicable date of 15 December 2021, none of the above total utilisation of proceeds for establishment of training and development centre is factually supportable by any purchase orders, sales and purchase agreements or contractual binding arrangements. However, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the SC, the Group has illustrated the total utilisation of proceeds for the said expenditure of RM[●] million to be raised from the Proposed Public Issue in the Pro Forma Financial Position.

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

Notes to the Pro Forma Financial Position (Cont'd)

2 **Listing Scheme (Cont'd)**

2.3 **Utilisation of Proceeds (Cont'd)**

Notes (cont'd):

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

	RM'000
Payroll expenses (9)	[●]
Marketing expenses	[●]
Rental of office	[●]
Purchase of computer and software (8)	[●]
Total	[●]

As at the latest practicable date of 15 December 2021, none of the above total utilisation of proceeds for regional expansion to Singapore is factually supportable by any purchase orders, sales and purchase agreements or contractual binding arrangements. However, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the SC, the Group has illustrated the total utilisation of proceeds for the said expenditure of RM[●] million to be raised from the Proposed Public Issue in the Pro Forma Financial Position.

(6) Included in the working capital are purchase of computer and software and office renovation amounting to RM[●] million(8) and RM[●] million(8) for capital expenditure respectively. As at the latest practicable date of 15 December 2021, the use of proceeds for the said capital expenditure is not factually supportable by any purchase orders, sales and purchase agreements or contractual binding arrangements. However, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the SC, the Group has illustrated the use of proceeds for the said capital expenditure to be raised from the Proposed Public Issue in the Pro Forma Financial Position.

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

	RM'000
Professional fees	[●]
Brokerage, underwriting and placement fees	[●]
Fees payable to authorities	[●]
Other fees and expenses such as printing, advertising and other miscellaneous expenses incurred in relation to the Proposed Public Issue	[●]
Total	[●]

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

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

Notes to the Pro Forma Financial Position (Cont'd)

2 **Listing Scheme (Cont'd)**

2.3 **Utilisation of Proceeds (Cont'd)**

Notes (cont'd):

As at the latest practicable date of 15 December 2021, the Group has paid RM[●] of listing expenses and is recognised in the prepayment. The said prepayment will be subsequently debited against share capital and/or expensed off to the statements of profit or loss and other comprehensive income upon completion of IPO.

(8) Capital expenditure amounts to RM[●] million as per included in respective tables above.

(9) Payroll expenses as working capital in nature amounts to RM[●] million as per included in respective tables above.

3 **Pro Forma Adjustments**

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

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

4 **Effects on the Pro Forma Financial Position**

(a) **Equipment**

	RM'000
Balance as at 31 March 2022/ As per Pro Forma I and II	435
Pursuant to Utilisation of Proceeds	
- Capital expenditure	[●]
As per Pro Forma III	[●]

(b) **Other receivables, deposits and prepayment**

	RM'000
Balance as at 31 March 2022/ As per Pro Forma I and II	1,406
Pursuant to Utilisation of Proceeds	
- Listing expenses charged to profit or loss	[●]
As per Pro Forma III	[●]

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

Notes to the Pro Forma Financial Position (Cont'd)

4 **Effects on the Pro Forma Financial Position (Cont'd)**

(c) **Cash and Bank Balances**

	RM'000	RM'000
Balance as at 31 March 2022/ As per Pro Forma I		2,418
Pursuant to Proposed Public Issue		[•]
As per Pro Forma II		[•]
Pursuant to Utilisation of Proceeds		
- Expenses (excluding working capital and capital expenditure)	[•]	
- Capital expenditure	[•]	[•]
		[•]
Estimated listing expenses		[•]
As per Pro Forma III		[•]

(d) **Share Capital**

	Unit '000	RM'000
Balance as at 31 March 2022	400,000	4,000
Pursuant to Proposed Share Consolidation	(160,000)	-
As per Pro Forma I	240,000	4,000
Pursuant to Proposed Public Issue	85,000	[•]
As per Pro Forma II	325,000	[•]
Pursuant to Utilisation of Proceeds		
- Estimated listing expenses	-	[•]
As per Pro Forma III	325,000	[•]

(e) **Retained Earnings**

	RM'000	RM'000
Balance as at 31 March 2022/ As per Pro Forma I and II		7,087
Pursuant to Utilisation of Proceeds		
- Expenses (excluding working capital and capital expenditure)	[•]	
- Estimated listing expenses	[•]	[•]
As per Pro Forma III		[•]

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

Approval by the Board of Directors

Approved and adopted by the Board of Directors in accordance with a resolution dated **O/S**.

For and on behalf of the Board of Directors,

………………………………………..	……………………………………
TAN AIK KEONG	LOW KANG WEN
Director	Director

12.2 HISTORICAL FINANCIAL INFORMATION

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

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

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

Notes:

(1) EBITDA is computed as follows:

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

12. FINANCIAL INFORMATION *(CONT'D)*

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

(2) *GP margin is computed based on GP over revenue.*

(3) *PBT margin is computed based on PBT over revenue.*

(4) *PAT margin is computed based on PAT over revenue.*

(5) *PATAMI margin is computed based on PAT attributable to owners of our Company over revenue.*

(6) *Our Group subscribed for 35% of the equity interest in WorkGrowth Technology, a jointly controlled entity, on 9 August 2021. The investment in WorkGrowth Technology is accounted for in the consolidated financial statements using the equity method as this investment is under a joint control arrangement, and our Group and our joint venture partner namely LKC Advance Technology Sdn. Bhd. have rights to the profits or loss of WorkGrowth Technology.*

12.2.2 Consolidated statements of financial position of our Group

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

12. FINANCIAL INFORMATION *(CONT'D)*

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

Notes:

(1) *Refers to our Group's 35.0% equity interest in Appstremely Sdn. Bhd. Its carrying amount was impaired to RM1.00 as the associate was loss-making and in a capital deficiency position. Appstremely Sdn. Bhd. was subsequently disposed of on 6 September 2021. Further details are set out in Section 12.14 of this Prospectus.*

(2) *Our Group has designated the equity investment at fair value through other comprehensive income because our Group intends to hold these investments for long-term strategic purposes. Further details are set out in Section 6.4 of this Prospectus.*

(3) *Our Group subscribed for 35% of the equity interest in WorkGrowth Technology, a jointly controlled entity, on 9 August 2021. The investment in WorkGrowth Technology is accounted for in the consolidated financial statements using the equity method as this investment is under a joint control arrangement, and our Group and our joint venture partner namely LKC Advance Technology Sdn. Bhd. have rights to the net assets of WorkGrowth Technology.*

(4) *Comprises mainly prepaid Listing expenses of RM1.32 million.*

(5) *Comprises mainly of the following:*

(i) *accrued personnel costs of RM0.88 million mainly due to increase in provision of staff bonuses amounting to RM0.65 million; and*

(ii) *sales and services tax payable of RM0.37 million primarily due to higher billings to customers in the last quarter of FYE 2022 as compared to the last quarter of FYE 2021.*

\# *Less than RM1,000*

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

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

12.3.1 Overview of our operations

(i) Principal activities

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

(a) development of mobile and web applications;

(b) provision of digital platform-based services; and

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

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

(ii) Revenue

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

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

(a) Development of mobile and web applications

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

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

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

(b) Provision of digital platform-based services

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

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

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

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

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

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

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

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

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

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

(iii) Cost of sales

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

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

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

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

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

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

(iv) Other income

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

(v) Net measurement of expected credit losses

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

(vi) Selling and marketing expenses

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

(vii) Administrative expenses

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

(viii) Depreciation

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

(ix) Other expenses

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

(x) Finance income

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

(xi) Finance cost

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

(xii) Changes to accounting policies and estimates

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

(xiii) Significant events subsequent to FYE 2022

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

(xiv) Exceptional and extraordinary items and audit qualifications

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

(xv) Significant factors affecting our business

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

(a) the project-based nature of our business and / or the timing of delivery may lead to fluctuations in our Group's revenue, profit and operating cash flow;

(b) our financial performance may be impacted after the expiration of our Pioneer Status, and / or by any changes in the conditions or loss of MSC Malaysia status;

(c) we are exposed to foreign exchange transaction risks which may impact the profitability of our Group;

(d) we are exposed to credit risk and default payment by customers;

(e) our business and operations are exposed to sudden disruptions caused by serious pandemic and epidemic outbreaks;

(f) we face competition from existing and new digital solution providers and application developers; and

(g) we are exposed to risks relating to the economic, political, legal and regulatory environments in the countries in which our customers are domiciled.

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

12.3.2 Review of results of operations

(i) Revenue

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

(a) Revenue by business segments

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

(b) Revenue by geographical location [(1)]

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

Notes:

(1) The revenue by geographical location is derived based on our customers' countries of domicile. Revenue from overseas market is derived from the services rendered by our Group in Malaysia.

(2) Our Group has provided the development of mobile and web application services to our customers in Hong Kong and Sri Lanka.

(3) Our Group has provided the development of mobile and web applications and provision of subscription, hosting, technical support, and maintenance services to our customers in Singapore.

(4) Others comprise Cambodia, China, Germany, the United Kingdom and Vietnam.

Financial commentaries

Comparison between FYE 2019 and FYE 2020

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

Revenue from the development of mobile and web applications segment was our main revenue contributor, which recorded approximately RM5.12 million or 94.3% of our total revenue for FYE 2019 and RM5.41 million or 87.1% of our total revenue for FYE 2020, respectively.
The Malaysia market was our primary revenue contributor, which recorded approximately RM4.77 million or 76.7% of our total revenue for FYE 2020 and approximately RM4.58 million or 84.2% of our total revenue for FYE 2019. Our revenue from Hong Kong and Sri Lanka were our major revenue contributors from the overseas market in FYE 2020, which recorded revenue of approximately RM0.86 million and RM0.43 million, for FYE 2020 as compared with approximately RM0.66 million and RM0.14 million for FYE 2019, respectively.

Development of mobile and web applications

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

(i) Higher revenue from the following customers:

- projects from Company A, a group of companies comprising entities in Hong Kong and Malaysia, which are subsidiaries of a multinational logistics company with headquarters in Hong Kong, for the enhancement of internal mobile and web applications for its logistics and warehouse management systems, which recorded an increase in revenue of approximately RM0.45 million from RM0.74 million for FYE 2019 to RM1.19 million for FYE 2020; and

- a project from Company D, our Sri Lanka customer from the hospitality industry, for the enhancement of mobile application for its customer loyalty platform, which recorded an increase in revenue of approximately RM0.29 million from RM0.14 million for FYE 2019 to RM0.43 million for FYE 2020.

(ii) New projects from the following customers that contributed to our Group's revenue for FYE 2020:

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

- projects from Pos Malaysia Berhad, a new local customer from the logistic industry, for the development and enhancement of its internal mobile application, which contributed approximately RM0.31 million to our revenue for FYE 2020; and

- a project from a new local customer from the consumer products industry to develop its internal mobile application, which contributed approximately RM0.20 million to our revenue for FYE 2020.

(iii) The above increases were partially offset by the decrease in our revenue for FYE 2020, mainly due to the following:

- Petroliam Nasional Berhad, our existing local customer from the oil and gas industry, had undertaken major mobile application content development in FYE 2019 as compared to the enhancement undertaken for its internal mobile application in FYE 2020, resulting in a decrease in revenue of approximately RM0.57 million from RM0.89 million for FYE 2019 to RM0.32 million for FYE 2020; and

- the development of mobile applications projects from Petronas Dagangan Berhad, our existing customer from the oil and gas industry, was completed during FYE 2019, which contributed approximately RM0.39 million to our revenue for FYE 2019. No revenue was recognised for FYE 2020; and

- lower revenue of approximately RM0.02 million recorded for FYE 2020 as compared with RM0.37 million for FYE 2019 for the development of mobile applications project from Company B, our existing customer from the financial services industry, as the major development work was completed in FYE 2019.

Provision of subscription, hosting, technical support and maintenance services

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

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

- maintenance and hosting service contract with an existing local customer from the oil and gas industry for its internal website, which contributed approximately RM0.24 million to our revenue for FYE 2020;

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

- maintenance service contract with Company B, an existing local customer from the financial industry for its public mobile application, which contributed approximately RM0.05 million to our revenue for FYE 2020; and

- maintenance service contract with an existing local customer from the oil and gas industry for its internal mobile application, which contributed approximately RM0.03 million to our revenue for FYE 2020.

Comparison between FYE 2020 and FYE 2021

Our total revenue increased by approximately RM2.83 million or 45.6% from RM6.21 million for FYE 2020 to RM9.04 million for FYE 2021, mainly contributed by the growth in revenue from the development of mobile and web applications segment. In addition, we generated a new revenue stream from the provision of digital platform-based services segment, when we launched our in-house RPV platform, namely Vote2U, which contributed to 7.8% of our total revenue for FYE 2021.
Revenue from the development of mobile and web applications segment has remained our main revenue contributor, which recorded an improved revenue of approximately RM7.27 million or 80.4% of our total revenue for FYE 2021, as compared with approximately RM5.41 million or 87.1% of our total revenue for FYE 2020.

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

Our Group is of the view that the 45.6% growth in revenue in the FYE 2021 despite the COVID-19 pandemic was attributed to the increasing need for digitalisation from businesses during the pandemic, and implementation of initiatives for digital transformation by the Government of Malaysia. Further, our Group is also of the view that the increase in revenue was not a one-off trend, which is supported by the IMR Report where the mobile and web application development industry is expected to continue on its strong growth trajectory. This is driven by digitalised consumer behaviour and attachment to mobile devices by the general public to perform daily activities, digitalisation of businesses, continuous technology advancement which drives businesses to continuously adopt new or upgrade existing mobile and web applications, and the implementation of digital transformation initiatives by the Government of Malaysia.

Development of mobile and web applications

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

(i) Higher revenue from the following customers:

- higher revenue recorded for FYE 2021 from the project from Petroliam Nasional Berhad, our customer from the oil and gas industry for enhancement work, for its internal mobile applications due to broader scopes comprising additional functions and features for the applications as compared with the scope covered for the project undertaken in FYE 2020, which contributed an increase in revenue of approximately RM0.69 million from RM0.32 million for FYE 2020 to RM1.01 million for FYE 2021;

- higher revenue recorded for FYE 2021 from the project from Company A, one of our customers from the logistic industry from Malaysia and Hong Kong, for the enhancement of its internal mobile and web applications for its logistics and warehouse management systems, due to broader scopes comprising additional functions and features for the applications as compared with the scope covered for the project undertaken in FYE 2020, which recorded an increase in revenue of approximately RM0.60 million from RM1.19 million for FYE 2020 to RM1.79 million for FYE 2021; and

- projects from Company E, a local customer from the digital industry, for the development of its public mobile application, which recorded an increase in revenue of approximately RM0.44 million from RM0.10 million for FYE 2020 to RM0.54 million for FYE 2021.

(ii) New projects from the following customers that contributed to our Group's revenue for FYE 2021:

- a project from Shangri-La International Hotel Management Pte Ltd, our new Singapore customer from the hospitality industry, for the enhancement of its public mobile application, which contributed approximately RM0.40 million to our revenue for FYE 2021; and

- a project from Company F, a new local customer from the automotive industry, to develop its public mobile application, which contributed approximately RM0.37 million to our revenue for FYE 2021.

(iii) The above increases were partially offset by the decrease in our revenue for FYE 2021, as there was no revenue contribution for FYE 2021 by the following projects which was completed in FYE 2020:

- the completion of the public mobile application development project for Company D, our Sri Lanka customer from the hospitality industry in FYE 2020 which contributed approximately RM0.43 million to our revenue for FYE 2020; and

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

Provision of digital platform-based services

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

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

Provision of subscription, hosting, technical support and maintenance services

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

- maintenance service contract with Shangri-La International Hotel Management Pte Ltd, an existing Singapore customer from the hospitality industry, for its public mobile application, which contributed approximately RM0.13 million to our revenue for FYE 2021;

- additional maintenance service contract with an existing local customer from the oil and gas industry for its internal mobile application, which contributed approximately RM0.06 million to our revenue for FYE 2020; and

- maintenance service contract with Pos Malaysia Berhad, an existing local customer from the logistic industry, for its internal mobile application, which contributed approximately RM0.04 million to our revenue for FYE 2021.

<u>Comparison between FYE 2021 and FYE 2022</u>

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

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

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

Development of mobile and web applications

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

(i) Higher revenue from the following customers:

- higher revenue from projects from Heydoc International Sdn. Bhd., our existing local customer from the healthcare industry, who is also our investee company, for the development of new features and functions for its consumer-facing mobile and web application, which recorded an increase in revenue of approximately RM1.50 million from RM0.24 million for FYE 2021 to RM1.74 million for FYE 2022; and

- higher revenue from projects from Pos Malaysia Berhad, our existing local customer from the logistic industry, for the development and enhancement of its internal mobile and web applications, which recorded an increase in revenue of approximately RM0.66 million from RM0.14 million for FYE 2021 to RM0.80 million for FYE 2022.

(ii) New projects from new customers that contributed approximately RM4.29 million to our Group's revenue for FYE 2022 mainly from the following customers:

- a project from a new local customer from the technology industry for the development of its public mobile application that serves as an investment platform, which contributed approximately RM0.49 million to our revenue for FYE 2022;

- a project from a new local customer from the technology industry for the development of mobile and web-based business-to-business and business-to-consumer e-commerce platforms, which contributed approximately RM0.42 million to our revenue for FYE 2022;

- a project from a new local customer from the services industry for the development of its internal web application, which contributed approximately RM0.33 million to our revenue for FYE 2022;

- a project from a new local customer from the food and beverage industry for the development of its consumer-facing mobile application for food ordering, which contributed approximately RM0.29 million to our revenue for FYE 2022; and

- a project from a new local customer from the services industry for the development of its public mobile application for social gaming, which contributed approximately RM0.24 million to our revenue for FYE 2022.

(iii) The above increases were partially offset by the decrease in our revenue for FYE 2022, mainly due to the following:

- Petroliam Nasional Berhad, our existing local customer from the oil and gas industry, had undertaken major enhancement work, for its internal mobile applications due to broader scopes comprising additional functions and features for the applications in FYE 2021 as compared with the scope covered for the project undertaken in FYE 2022, resulting in a decrease in revenue of approximately RM0.64 million from RM1.01 million for FYE 2021 to RM0.37 million for FYE 2022; and

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

Provision of digital platform-based services

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

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

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

Provision of subscription, hosting, technical support and maintenance services

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

- new subscription, technical support and maintenance contracts secured with Heydoc International Sdn. Bhd., an existing local customer from the healthcare industry, who is also our investee company, for its public mobile application, which contributed approximately RM0.52 million to our revenue for FYE 2022;

- new hosting and maintenance services contracts secured with Pos Malaysia Berhad, our existing local customer from the logistic industry, for its internal mobile applications, which contributed approximately RM0.39 million to our revenue for FYE 2022;

- a new technical support and maintenance services contract secured with our new local customer from the services industry for its public mobile application, which contributed approximately RM0.12 million to our revenue for FYE 2022; and

- a new technical support and maintenance services contract secured with our new local customer from the technology industry for its public mobile application, which contributed approximately RM0.12 million to our revenue for FYE 2022.

12. FINANCIAL INFORMATION *(CONT'D)*

(ii) Cost of sales, GP and GP margin

(a) Cost of sales by cost component

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

Notes:

(1) Our Group incurred costs for outsourced development services due to software developer capacity constraints in completing the projects within the agreed timeline with our customers.

(2) Others comprise mainly software licenses (for software licenses purchased from suppliers such as Adobe for the design of UI/UX of applications) and verification services by scrutineers on the voting results of resolutions under Vote2U.

(b) Cost of sales by business segments

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

(c) GP and GP margin by business segments

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

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

Financial commentaries

Comparison between FYE 2019 and FYE 2020

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

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

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

- annual salary increment of approximately RM0.18 million.

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

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

Development of mobile and web applications

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

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

Provision of subscription, hosting, technical support and maintenance services

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

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

Comparison between FYE 2020 and FYE 2021

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

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

- our payroll and related costs increased by approximately RM0.46 million for FYE 2021, mainly attributable to the annual salary increment of approximately RM0.21 million, and approximately RM0.25 million incurred for the further expansion of our software development, project management and quality assurance teams in FYE 2021. Thus, the total headcount for our software development, project management and quality assurance teams increased further to 54 staff as at 31 March 2021;

- an increase in our subscription and hosting fees of approximately RM0.35 million for FYE 2021, mainly attributable to the growth in demand for subscription and hosting services; and

- our live streaming expenses incurred of approximately RM0.19 million for our new revenue stream, i.e. provision of digital platform-based services.

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

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

Development of mobile and web applications

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

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

Provision of digital platform-based services

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

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

Provision of subscription, hosting, technical support and maintenance services

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

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

<u>Comparison between FYE 2021 and FYE 2022</u>

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

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

- our payroll and related costs increased by approximately RM4.11 million in FYE 2022, mainly attributable to approximately RM2.91 million incurred for expanding our software development, project management and quality assurance teams during FYE 2022. The total headcount for our software development, project management and quality assurance teams increased from 54 staff as at 31 March 2021 to 108 staff as at 31 March 2022. In addition, the annual salary increment had also contributed to the higher payroll and related costs;

- our subscription and hosting fees increased by approximately RM0.29 million for FYE 2022, primarily attributable to the growth in demand for subscription and hosting services; and

- higher outsourced application development services, which increased by approximately RM0.27 million, mainly due to software developer capacity constraints in completing the projects within the agreed timeline with our customers.

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

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

Development of mobile and web applications

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

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

Provision of digital platform-based services

Our cost of sales incurred for the provision of digital platform-based services segment increased by approximately RM0.13 million or 43.3%, from RM0.30 million for FYE 2021 to RM0.43 million for FYE 2022. The costs incurred were primarily for live streaming services to conduct the virtual meetings. The increase was mainly due to the higher number of events held during FYE 2022 of 107 events, as compared with 52 events during FYE 2021.

As a result, we recorded a higher GP for the provision of digital platform-based services segment of approximately RM0.76 million for FYE 2022, as compared with approximately RM0.40 million for FYE 2021, representing an increase of approximately RM0.36 million or 90.0%. Our GP margin increased from approximately 56.8% for FYE 2021 to 63.8% for FYE 2022, mainly attributable to the different ancillary services provided for the events conducted during FYE 2022 as compared with the previous financial year.

Provision of subscription, hosting, technical support and maintenance services

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

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

(iii) Other income

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

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

Note:

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

Financial commentaries

Comparison between FYE 2019 and FYE 2020

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

Comparison between FYE 2020 and FYE 2021

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

Comparison between FYE 2021 and FYE 2022

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

(iv) Net measurement of expected credit losses

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

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

Financial commentaries

Comparison between FYE 2019 and FYE 2020

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

Comparison between FYE 2020 and FYE 2021

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

Comparison between FYE 2021 and FYE 2022

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

(v) Selling and marketing expenses

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

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

Note:

\# *Less than RM1,000*

Financial commentaries

Comparison between FYE 2019 and FYE 2020

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

Comparison between FYE 2020 and FYE 2021

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

Comparison between FYE 2021 and FYE 2022

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

(vi) Administrative expenses

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

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Personnel related costs [(1)]	143	49.0	217	53.1	176	44.9	455	68.1
Traveling and accommodation	41	14.0	64	15.7	15	3.8	11	1.7
Telecommunication and internet charges	16	5.5	18	4.4	22	5.6	25	3.7
Office supplies and maintenance	11	3.8	13	3.2	12	3.1	13	1.9

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gifts, donations and sponsorship fees (2)	15	5.1	10	2.4	1	0.3	-	-
Registration and license fees	16	5.5	13	3.2	16	4.1	8	1.2
Legal and professional fees	43	14.7	56	13.7	112	28.6	132	19.8
Subscription fees	1	0.3	6	1.5	9	2.3	6	0.9
Others (3)	6	2.1	12	2.8	29	7.3	18	2.7
Total	**292**	**100.0**	**409**	**100.0**	**392**	**100.0**	**668**	**100.0**

Notes:

(1) *Comprise mainly staff salaries, staff recruitment expenses, staff benefits, training expenses and directors' fees.*

(2) *Gifts, donations and sponsorship fees comprise mainly the contribution of scholarship funding in return for the placement of a university student in our Group's internship programme and sponsorships for corporate events.*

(3) *Others mainly comprise incorporation fees for our new subsidiaries, namely Agmo Digital Solution, Agmo Tech and Agmo Sierra Holdings, and insurance expenses.*

Financial commentaries

Comparison between FYE 2019 and FYE 2020

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

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

(b) traveling and accommodation increased by approximately RM0.02 million, mainly due to an increase in overseas traveling expenses for participating in conferences; and

(c) legal and professional fees increased by approximately RM0.01 million, mainly due to increased audit fees for statutory audit of our Group's financial statements which adopted the Malaysian Financial Reporting Standards for the first time in FYE 2020.

Comparison between FYE 2020 and FYE 2021

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

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

(b) travelling and accommodation expenses decreased by approximately RM0.05 million as a result of lower overseas travelling expenses due to movement restrictions as a result of the COVID-19 pandemic.

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

Comparison between FYE 2021 and FYE 2022

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

(vii) Depreciation

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

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

Financial commentaries

Comparison between FYE 2019 and FYE 2020

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

Comparison between FYE 2020 and FYE 2021

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

Comparison between FYE 2021 and FYE 2022

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

(viii) Other expenses

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

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

Notes:

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

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

 # Less than RM1,000

Financial commentaries

Comparison between FYE 2019 and FYE 2020

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

Comparison between FYE 2020 and FYE 2021

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

Comparison between FYE 2021 and FYE 2022

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

The above decrease was offset partially by the following:

(a) fair value loss on short term investment of approximately RM0.02 million; and

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

(ix) Finance income

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

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

Financial commentaries

Comparison between FYE 2019 and FYE 2020

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

Comparison between FYE 2020 and FYE 2021

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

Comparison between FYE 2021 and FYE 2022

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

(x) Finance cost

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

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

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

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

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

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

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

Financial commentaries

<u>Comparison between FYE 2019 and FYE 2020</u>

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

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

<u>Comparison between FYE 2020 and FYE 2021</u>

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

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

Comparison between FYE 2021 and FYE 2022

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

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

(xii) Taxation

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

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

Financial commentaries

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

Our effective tax rate of approximately 1.0%, 0.1%, 1.5% and 3.1% for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively were lower than the statutory tax rate of 24.0%, mainly due to Agmo Studio, one of our Subsidiaries, is the main contributor to our revenue and profit for the Financial Years Under Review. Agmo Studio had contributed 100.0%, 100.0%, 90.0% and 86.7% of our revenue for FYE 2019, FYE

2020, FYE 2021 and FYE 2022, respectively. The tax expenses for FYE 2019 to FYE 2021 were mainly from non-tax exempted income on interests from fixed deposits and fixed income funds. The tax expense for FYE 2022 was mainly from non-tax exempted income on interests from fixed deposits and taxable income contributed by two of our subsidiaries, i.e., Agmo Digital Solutions and Agmo Sierra. Therefore, our Group recorded a higher effective tax rate for FYE 2022.

Comparison between FYE 2019 and FYE 2020

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

Comparison between FYE 2020 and FYE 2021

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

Comparison between FYE 2021 and FYE 2022

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

(a) the increase in taxable income contributed by two of our subsidiaries, i.e., Agmo Digital Solutions and Agmo Sierra. The tax expenses for Agmo Digital Solutions and Agmo Sierra for FYE 2022 were RM0.09 million and RM0.10 million, respectively;

(b) non-recognition of deferred tax assets in respect of unused tax losses, unabsorbed capital allowances and provisions related to one of our subsidiaries, Agmo Tech due to the uncertainty as to whether sufficient taxable profits will be available to utilise these unrecognised deferred tax assets; and

(c) certain expenses which were not deductible for tax reporting purposes, comprise mainly accrued personnel-related costs.

12.3.3 Review of cash flows

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

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

Financial commentaries

FYE 2019

(i) Net cash flows from operating activities

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

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

(a) payments for personnel-related costs and other operating expenses of approximately RM2.60 million; and

(b) payments to our suppliers of approximately RM0.32 million comprise mainly subscription and hosting fees.

(ii) Net cash flows from investing activities

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

(a) interest income of approximately RM0.08 million received from fixed deposits and fixed income funds;

(b) purchase of laptops of approximately RM0.07 million for our business operations; and

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

(iii) Net cash flows used in financing activities

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

FYE 2020

(i) Net cash flows from operating activities

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

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

(a) payments for personnel related costs and other operating expenses of approximately RM3.29 million;

(b) payments to our suppliers of approximately RM0.30 million comprise mainly subscription and hosting fees;

(c) tax payments to the Inland Revenue Board of approximately RM0.02 million; and

(d) advance to our investee company, namely Heydoc International Sdn. Bhd. of approximately RM0.08 million, which was fully settled subsequent to FYE 2021. This advance was not made on an arm's length basis as it is unsecured, interest free and repayable on demand.

(ii) <u>Net cash flows from investing activities</u>

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

(a) interest income of approximately RM0.12 million received from fixed deposits and fixed income funds;

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

(c) purchase of laptops of approximately RM0.07 million for our business operations; and

(d) placement of fixed deposits placed with a licensed bank of approximately RM0.03 million.

(iii) <u>Net cash flows used in financing activities</u>

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

<u>FYE 2021</u>

(i) <u>Net cash flows from operating activities</u>

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

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

(a) payments for personnel related costs and other operating expenses of approximately RM3.93 million;

(b) payments to our suppliers of approximately RM1.00 million comprise mainly subscription and hosting fees and live streaming expenses; and

(c) tax payments to the Inland Revenue Board of approximately RM0.04 million.

(ii) <u>Net cash flows used in investing activities</u>

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

(a) interest income of approximately RM0.19 million received from fixed deposits;

(b) repayments from a Director of approximately RM0.02 million for advances granted to a Director. Further details of the transaction are set out in Section 10.1.4 of this Prospectus;

(c) placement of fixed deposits with tenure of more than three months placed with licensed banks of approximately RM1.53 million; and

(d) purchase of laptops of approximately RM0.07 million for our business operations.

(iii) <u>Net cash flows used in financing activities</u>

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

<u>FYE 2022</u>

(i) <u>Net cash flows from operating activities</u>

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

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

(a) payments for personnel related costs, other operating expenses and selling and marketing expenses of approximately RM8.74 million;

(b) payments to our suppliers of approximately RM1.20 million, comprise mainly subscription and hosting fees and live streaming expenses; and

(c) tax payments to the Inland Revenue Board of approximately RM0.17 million.

(ii) <u>Net cash flows used in investing activities</u>

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

(a) interest income of approximately RM0.09 million received from fixed deposits placements;

(b) proceeds from disposal of an associate, namely Appstremely Sdn Bhd, of approximately RM0.20 million in September 2021;

(c) subscription of shares in WorkGrowth Technology, a joint venture, of approximately RM0.21 million in August 2021;

(d) placement of fixed deposits with tenure of more than three months with licensed banks of approximately RM0.02 million; and

(e) purchase of equipment of approximately RM0.35 million, mainly laptops and office equipment for our business operations.

(iii) Net cash flows used in financing activities

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

(a) payment of final dividend of RM3.00 million in respect of FYE 2022; and

(b) lease payments made for leasing of office premises of approximately RM0.08 million.

12.4 LIQUIDITY AND CAPITAL RESOURCES

Working capital

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

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

Our Board is of the opinion that after taking into consideration the current level of cash and cash equivalents, the proposed declaration of dividends as set out in Section 12.15 of this Prospectus and the gross proceeds raised from our IPO, our Group would have adequate working capital for a period of 12 months from the date of this Prospectus.

As at the LPD, we have cash and cash equivalents of approximately RM[●] million.

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

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

12.5 BORROWINGS

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

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

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

12.6 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

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

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

12.7 MATERIAL INVESTMENT AND DIVESTITURES IN CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

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

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

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

12.8 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

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

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

12.9 KEY FINANCIAL RATIOS

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

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

Notes:

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

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

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

(4) Computed based on current assets over current liabilities as at each financial year end.

Over the years, our Group has managed to build and maintain an operation that has been in a positive net operating cash flow position. Furthermore, our operations do not require significant capital expenditures to date.
In terms of trade receivables, our customer portfolio mainly consists of recurring clients with good payment track records. As such, our Group has recorded relatively low amounts of impairment losses on trade receivables and bad debts written off over the years.

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

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

12.9.1 Trade receivables turnover

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

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

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

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

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

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

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

Comparison between FYE 2019 and FYE 2020

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

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

Comparison between FYE 2020 and FYE 2021

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

Comparison between FYE 2021 and FYE 2022

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

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

	Trade receivables as at 31 March 2022		Amount collected from 1 April 2022 up to the LPD	Balance of trade receivables which have yet to be collected as at the LPD
	RM'000	Percentage of trade receivables (%)	RM'000	RM'000
	(a)	(a) / total of (a)	(b)	(c) = (a) - (b)
Within credit period	2,245	50.6	[●]	[●]
Past due but not impaired:				
1 to 30 days	264	5.9	[●]	[●]
31 to 60 days	261	5.9	[●]	[●]
60 to 90 days	845	19.1	[●]	[●]
More than 90 days	819	18.5	[●]	[●]
Subtotal	2,189	49.4	[●]	[●]
Total	**4,434**	**100.0**	[●]	[●]

As at the LPD, RM[●] million or [●]% of our trade receivables as at 31 March 2022 have been collected. The remaining balance of RM[●] million of our trade receivables that have yet to be collected are mainly from [●] customers. We are of the view that the outstanding amounts are recoverable after taking into consideration these customers' payment history and their credentials.

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

12. FINANCIAL INFORMATION *(CONT'D)*

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

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

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

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

Notes:

(1) *Comprise the recognition and reversal of loss allowances on trade receivables. In accordance with MFRS 9, an impairment analysis is performed at each reporting date for expected credit losses on trade receivables with reference to historical credit loss experience on a general basis as well as for individually impaired trade receivables.*

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

12.9.2 Trade payables

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

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

Notes:

(1) *There are no outstanding balances for trade payables at the end of each financial year for the Financial Years Under Review. Suppliers of the Group are mainly subscription and hosting services providers, outsourced development services providers and live streaming services providers.*

(2) *Not applicable as there were no outstanding balances for trade payables as at each financial year end.*

12.9.3 Current ratio

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

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

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

12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

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

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

12.11 IMPACT OF INFLATION

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

12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND / OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS

12.12.1 Impact of foreign exchange rate

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

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

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

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

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

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

Note:

\# *Less than RM1,000.*

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

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

12.12.2 Impact of interest rate

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

12.12.3 Impact of commodity prices

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

12.13 ORDER BOOK

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

	Contract value as at the LPD	Revenue recognised as at the LPD	Balance revenue to be recognised as at the LPD	Revenue to be recognised in FYE 2023	Revenue to be recognised after FYE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured contracts					
Development of mobile and web applications	21,743	14,541	7,202	6,987	215
Provision of digital platform-based services	1,679	1,227	452	443	9
Provision of subscription, hosting, technical support and maintenance services	4,251	2,923	1,328	1,247	81
Total	27,673	(1) 18,691	8,982	8,677	305

Note:

(1) Revenue of RM1.23 million was recognised up to FYE 2021, RM16.53 million was recognised in FYE 2022 and RM0.93 million was recognised subsequent to FYE 2022 and up to the LPD.

The above order book relates to the contract value of projects less revenue recognised up to the LPD. The remaining balance revenue of approximately RM8.98 million consists of RM8.68 million expected to be recognised as revenue in FYE 2023 and RM0.30 million in FYE 2024 and beyond.

There are order book of approximately RM0.24 million awarded by related parties, namely MY E.G. Services Berhad, Zetrix Sdn. Bhd. and WorkGrowth Technology. Our order book of approximately RM8.98 million as at the LPD represents 0.97 times of our average revenue of approximately RM9.30 million, calculated based on our audited revenues for the Financial Years Under Review.

12.14 TREND INFORMATION

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

(i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations, save as disclosed in Sections 7, 8, 9 and 12.3 of this Prospectus;

(ii) material commitments for capital expenditure, as set out in Section 12.6 of this Prospectus;

(iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as discussed in Sections 9 and 12.3 of this Prospectus;

(iv) known trends, demands, commitments, events or uncertainties that had resulted in a substantial increase in our Group's revenue and / or profit as disclosed in this Section 12.3, business and industry overview, as set out in Sections 7 and 8 of this Prospectus, and business strategies and future plans as set out in Section 7.8 of this Prospectus;

(v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position, save as disclosed in Sections 9 and 12 of this Prospectus; and

(vi) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, save as disclosed in Sections 7, 9 and 12 of this Prospectus.

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

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

12.15 RECENT DEVELOPMENT

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

12.16 DIVIDENDS

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

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

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

(i) the level of cash and level of indebtedness;

(ii) required and expected interest expense, cash flows, profits, return on equity and retained earnings;

(iii) our expected results of operations and future level of operations; and

(iv) our projected levels of capital expenditure and other investment plans.

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

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

(i) our Company is, or would after the payment be unable to pay its liabilities as they become due; or

(ii) the realisable value of our Company's assets would thereby be less than its liabilities.

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

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

Note:

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

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

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

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

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

12.17 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at [●] and after adjusting for the effect of the Public Issue including the utilisation of proceeds.

	Unaudited	Pro Forma I	Pro Forma II
	As at [●]	After Public Issue	After I and utilisation of proceeds
Description	**RM'000**	**RM'000**	**RM'000**
Capitalisation			
Shareholders' equity	[●]	[●]	[●]
Total capitalisation	[●]	[●]	[●]
Total indebtedness	-	-	-
Total capitalisation and indebtedness	[●]	[●]	[●]
Gearing ratio (1)	N/A	N/A	N/A

Note:

(1) Not applicable as no outstanding borrowings (excluding lease liabilities for right-of-use assets).

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