

**13. ACCOUNTANTS' REPORT**

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

**Grant Thornton Malaysia PLT**

Level 11, Sheraton Imperial Court  
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Dear Sirs,

**Reporting Accountants' Opinion On The Financial Information Contained In The Accountants' Report Of Agmo Holdings Berhad ("the Company" or "Agmo")**

*Opinion*

We have audited the accompanying financial statements ("Financial Information") of Agmo Holdings Berhad and its subsidiaries (collectively known as "the Group" or "Agmo Group"), which comprises the consolidated statements of financial position of the Group as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial year ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022, and a summary of significant accounting policies and other explanatory notes, as set out on page 4 to 69.

In our opinion, the accompanying Financial Information give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 and of their consolidated financial performance and consolidated cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

*Basis for Opinion*

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

*Independence and Other Ethical Responsibilities*

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

**13. ACCOUNTANTS' REPORT (CONT'D)***Responsibilities of the Directors for the Financial Information*

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

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

*Reporting Accountants' Responsibilities for the Audit of the Financial Information*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an accountants' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Information.

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

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

**13. ACCOUNTANTS' REPORT (CONT'D)**



*Reporting Accountants' Responsibilities for the Audit of the Financial Information (cont'd)*

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

- Evaluate the overall presentation, structure and content of the Financial Information of the Group, including the disclosures, and whether the Financial Information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Financial Information of the entities or business activities within the Group to express an opinion on the Financial Information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

*Other Matter*

This report has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of Agmo Holdings Berhad in connection with the listing of and quotation for the entire enlarged issued share capital of Agmo Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

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

Kuala Lumpur

**13. ACCOUNTANTS' REPORT (CONT'D)****AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022**

	Note	← Audited →			
		<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Equipment	5	106,922	141,900	165,943	434,761
Right-of-use assets	6	-	-	-	778,318
Investment in an associate	7	1	1	1	-
Investment in a joint venture	8	-	-	-	206,079
Other investments	9	107,991	107,991	107,991	174,659
		<u>214,914</u>	<u>249,892</u>	<u>273,935</u>	<u>1,593,817</u>
<b>Total non-current assets</b>					
<b>Current assets</b>					
Trade receivables	10	1,207,336	1,813,883	3,799,848	4,433,851
Other receivables, deposits and prepayments	11	32,037	99,738	96,774	1,406,079
Amount due from a Director	12	11,879	25,644	-	-
Fixed deposits placed with licensed banks	13	1,531,915	24,542	2,784,164	4,097,891
Cash and bank and short term investment	14	4,241,425	7,790,226	1,308,299	2,418,026
Tax recoverable		-	-	-	39,149
		<u>7,024,592</u>	<u>9,754,033</u>	<u>7,989,085</u>	<u>12,394,996</u>
<b>Total current assets</b>					
<b>TOTAL ASSETS</b>					
		<u><u>7,239,506</u></u>	<u><u>10,003,925</u></u>	<u><u>8,263,020</u></u>	<u><u>13,988,813</u></u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
<b>Equity attributable to owners of the Company:-</b>					
Share capital	15	4,000,000	4,000,000	4,000,000	4,000,000
Retained earnings		3,015,308	5,390,322	3,394,714	7,086,977
		<u>7,015,308</u>	<u>9,390,322</u>	<u>7,394,714</u>	<u>11,086,977</u>
Non-controlling interests	16	-	-	-	46,426
		<u>7,015,308</u>	<u>9,390,322</u>	<u>7,394,714</u>	<u>11,133,403</u>
<b>TOTAL EQUITY</b>					

**13. ACCOUNTANTS' REPORT (CONT'D)**

**AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022 (CONT'D)**

	Note	← Audited →			
		<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	17	8,936	8,936	25,509	58,569
Lease liabilities	18	-	-	-	651,515
Total non-current liabilities		<u>8,936</u>	<u>8,936</u>	<u>25,509</u>	<u>710,084</u>
<b>Current liabilities</b>					
Other payables and accruals	19	193,168	468,440	458,000	1,422,611
Contract liabilities	20	-	135,865	382,428	512,155
Lease liabilities	18	-	-	-	153,657
Tax payables		22,094	362	2,369	56,903
Total current liabilities		<u>215,262</u>	<u>604,667</u>	<u>842,797</u>	<u>2,145,326</u>
<b>TOTAL LIABILITIES</b>		<u>224,198</u>	<u>613,603</u>	<u>868,306</u>	<u>2,855,410</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>7,239,506</u>	<u>10,003,925</u>	<u>8,263,020</u>	<u>13,988,813</u>

The accompanying notes form an integral part of the financial statements.

**13. ACCOUNTANTS' REPORT (CONT'D)****AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022**

	Note	← Audited →			
		<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Revenue	21	5,434,886	6,213,628	9,040,328	16,525,671
Cost of sales		<u>(2,690,959)</u>	<u>(3,394,953)</u>	<u>(4,413,586)</u>	<u>(9,145,079)</u>
Gross profit		2,743,927	2,818,675	4,626,742	7,380,592
Other income	22	878	11,750	2,024	207,069
Net measurement of expected credit losses	10	(10,632)	10,632	(225,110)	192,000
Selling and marketing expenses		(3,228)	(6,028)	(40,157)	(12,410)
Administrative expenses		(292,074)	(408,288)	(392,071)	(668,211)
Depreciation	23	(29,952)	(37,916)	(48,585)	(173,190)
Other expenses	24	<u>(50,069)</u>	<u>(11,152)</u>	<u>(45,564)</u>	<u>(39,516)</u>
Operating profit		2,358,850	2,377,673	3,877,279	6,886,334
Finance income	25	78,079	119,902	189,067	94,271
Finance cost	26	-	-	-	(21,916)
Share of loss of an equity-accounted joint venture	8	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,921)</u>
Profit before tax	27	2,436,929	2,497,575	4,066,346	6,954,768
Tax expense	28	<u>(25,469)</u>	<u>(1,988)</u>	<u>(61,954)</u>	<u>(216,379)</u>
Profit for the financial year		2,411,460	2,495,587	4,004,392	6,738,389
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial year		<u>2,411,460</u>	<u>2,495,587</u>	<u>4,004,392</u>	<u>6,738,389</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022 (CONT'D)**

	Note	← Audited →			
		<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
<b>Profit for the financial year attributable to:-</b>					
Owners of the Company		2,411,460	2,495,587	4,004,392	6,692,263
Non-controlling interests	16	-	-	-	46,126
		<u>2,411,460</u>	<u>2,495,587</u>	<u>4,004,392</u>	<u>6,738,389</u>
<b>Total comprehensive income for the financial year attributable to:-</b>					
Owners of the Company		2,411,460	2,495,587	4,004,392	6,692,263
Non-controlling interests	16	-	-	-	46,126
		<u>2,411,460</u>	<u>2,495,587</u>	<u>4,004,392</u>	<u>6,738,389</u>
<b>Earnings per share</b>					
Basic earnings per ordinary share attributable to owners of the Company (RM)	29	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>

The accompanying notes form an integral part of the financial statements.

**13. ACCOUNTANTS' REPORT (CONT'D)****AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022**

	<u>Note</u>	<u>Share capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM	<u>Non-controlling interests</u> RM	<u>Total equity</u> RM
Balance as at 1 April 2018		4,000,000	903,848	4,903,848	-	4,903,848
Profit/Total comprehensive income for the financial year		-	2,411,460	2,411,460	-	2,411,460
<b>Transaction with owners:-</b>						
Dividend paid to the owners of the Company	30	-	(300,000)	(300,000)	-	(300,000)
Balance as at 31 March 2019		4,000,000	3,015,308	7,015,308	-	7,015,308
Profit/Total comprehensive income for the financial year		-	2,495,587	2,495,587	-	2,495,587
<b>Transaction with owners:-</b>						
Dividend paid to the owners of the Company	30	-	(120,573)	(120,573)	-	(120,573)
Balance as at 31 March 2020		4,000,000	5,390,322	9,390,322	-	9,390,322
Profit/Total comprehensive income for the financial year		-	4,004,392	4,004,392	-	4,004,392
<b>Transaction with owners:-</b>						
Dividend paid to the owners of the Company	30	-	(6,000,000)	(6,000,000)	-	(6,000,000)
Balance as at 31 March 2021		4,000,000	3,394,714	7,394,714	-	7,394,714
Profit/Total comprehensive income for the financial year		-	6,692,263	6,692,263	46,126	6,738,389
<b>Transaction with owners:-</b>						
Dividend paid to the owners of the Company	30	-	(3,000,000)	(3,000,000)	-	(3,000,000)
Capital contribution from non-controlling interests		-	-	-	300	300
Balance as at 31 March 2022		<u>4,000,000</u>	<u>7,086,977</u>	<u>11,086,977</u>	<u>46,426</u>	<u>11,133,403</u>

The accompanying notes form an integral part of the financial statements.



**13. ACCOUNTANTS' REPORT (CONT'D)**

**AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022**

	← Audited →				
	Note	2019 RM	2020 RM	2021 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		2,436,929	2,497,575	4,066,346	6,954,768
<b>Adjustments for:-</b>					
Bad debts written off/(recovered)		44,100	10,632	45,000	(2,000)
Depreciation of equipment		29,952	37,916	48,585	90,397
Depreciation of right-of-use assets		-	-	-	82,793
Finance cost		-	-	-	21,916
Finance income		(78,079)	(119,902)	(189,067)	(94,271)
Gain on disposal of investment in an associate		-	-	-	(199,999)
Net measurement of expected credit losses		10,632	(10,632)	225,110	(192,000)
Share of loss of an equity-accounted joint venture		-	-	-	3,921
Unrealised (gain)/loss on foreign exchange		-	(11,750)	564	(2,759)
Operating profit before working capital changes		2,443,534	2,403,839	4,196,538	6,662,766
<b>Changes in working capital:-</b>					
Receivables		(489,500)	(662,498)	(2,253,675)	(1,813,217)
Payables		96,655	411,137	236,123	1,094,338
Cash generated from operations		2,050,689	2,152,478	2,178,986	5,943,887
Tax paid		-	(23,720)	(43,374)	(167,934)
Net cash flows from operating activities		2,050,689	2,128,758	2,135,612	5,775,953
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received		78,079	119,902	189,067	94,271
Purchase of equipment		(64,018)	(72,894)	(72,628)	(359,215)
Placement of fixed deposits with licensed banks		-	(24,542)	(1,527,412)	(20,506)
(Advances to)/Repayment from a Director		(11,881)	(13,765)	25,644	-
Proceeds from disposal of investment in an associate		-	-	-	200,000
Capital contribution from non-controlling interests		-	-	-	300
Subscription of shares in a joint venture		-	-	-	(210,000)
Net cash flows from/(used in) investing activities		2,180	8,701	(1,385,329)	(295,150)

**13. ACCOUNTANTS' REPORT (CONT'D)**

**AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019, 31 MARCH 2020, 31 MARCH 2021 AND 31 MARCH 2022 (CONT'D)**

	←	Audited				→
		<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	
Note		RM	RM	RM	RM	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Dividend paid		(300,000)	(120,573)	(6,000,000)	(3,000,000)	
Interest paid		-	-	-	(21,916)	
Repayment of lease liabilities		-	-	-	(55,939)	
Net cash flows used in financing activities		<u>(300,000)</u>	<u>(120,573)</u>	<u>(6,000,000)</u>	<u>(3,077,855)</u>	
<b>CASH AND CASH EQUIVALENTS</b>						
Net changes		1,752,869	2,016,886	(5,249,717)	2,402,948	
At beginning of the financial year		<u>4,020,471</u>	<u>5,773,340</u>	<u>7,790,226</u>	<u>2,540,509</u>	
At end of the financial year	A	<u>5,773,340</u>	<u>7,790,226</u>	<u>2,540,509</u>	<u>4,943,457</u>	

**NOTE TO THE STATEMENTS OF CASH FLOWS**

**A. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in Statements of Cash Flows comprise the following:-

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
Cash and bank and short term investment (Note 14)	4,241,425	7,790,226	1,308,299	2,418,026
Fixed deposits placed with licensed banks (Note 13)	1,531,915	24,542	2,784,164	4,097,891
	5,773,340	7,814,768	4,092,463	6,515,917
Less: Fixed deposits held in trust by a Director	-	(24,542)	(24,934)	(11,824)
Less: Fixed deposits with tenure more than 3 months	-	-	(1,527,020)	(1,560,636)
Cash and cash equivalents	<u>5,773,340</u>	<u>7,790,226</u>	<u>2,540,509</u>	<u>4,943,457</u>

The accompanying notes form an integral part of the financial statements.

**13. ACCOUNTANTS' REPORT (CONT'D)****AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL INFORMATION****1. GENERAL INFORMATION****1.1 Introduction**

This report has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of Agmo Holdings Berhad (“the Company” or “Agmo”) in connection with the listing of and quotation for the entire enlarged issued share capital of Agmo on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (hereinafter defined as “the Listing”), and should not be relied upon for any other purposes.

**1.2 Background**

The Company was a private limited liability company incorporated and domiciled in Malaysia. Subsequently, the Company has converted to a public limited liability company on 30 December 2021 and assumed its present name of Agmo Holdings Berhad.

The registered office of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia.

The principal place of business is located at Level 38, MYEG Tower, Empire City Damansara, Jalan PJU 8, Damansara Perdana, 47820 Petaling Jaya, Malaysia.

**1.3 Principal Activities**

Agmo’s principal activities are investment holding and providing computer and mobile software application and services related to information technology services.

Details of the subsidiaries of Agmo are as follows:-

<u>Name of company</u>	<u>Effective ownership</u>	<u>Principal activities</u>	<u>Date of incorporation</u>	<u>Country of incorporation</u>
(a) Agmo Studio Sdn. Bhd.	100%	Providing computer and mobile software application and services related to information technology	11 January 2012	Malaysia
(b) Agmo Capital Sdn. Bhd.	100%	Investment holding	5 January 2017	Malaysia
(c) Agmo Digital Solutions Sdn. Bhd.	100%	Software development, provision of information technology related services and the intended reselling of third-party software	18 May 2020	Malaysia

**13. ACCOUNTANTS' REPORT (CONT'D)****1. GENERAL INFORMATION (CONT'D)****1.3 Principal Activities (cont'd)**

Details of the subsidiaries of Agmo are as follows (cont'd):-

<u>Name of company</u>	<u>Effective ownership</u>	<u>Principal activities</u>	<u>Date of incorporation</u>	<u>Country of incorporation</u>
(d) Agmo Tech Sdn. Bhd.	100%	Software development, provision of information technology related services and the intended reselling of third-party software	14 September 2020	Malaysia
(e) Agmo Sierra Holdings Sdn. Bhd. (formerly known as Agmo Strongbyte Holdings Sdn. Bhd.)	70%	Investment holding, computer consultancy and provision of information technology related services	12 January 2021	Malaysia

Details of the joint venture company of Agmo are as follows:-

<u>Name of company</u>	<u>Effective ownership</u>	<u>Principal activities</u>	<u>Date of incorporation</u>	<u>Country of incorporation</u>
(a) WorkGrowth Technology Sdn. Bhd.	35%	Business and other applications, other information technology service activities	10 March 2021	Malaysia

There was no significant change in the nature of the principal activities of Agmo and its subsidiaries and joint venture since the day of incorporation.

**1.4 Incorporation of New Subsidiaries**Agmo Digital Solutions Sdn. Bhd.

Agmo Digital Solutions Sdn. Bhd. ("ADSSB") was incorporated as a wholly-owned subsidiary of Agmo on 18 May 2020 with RM1,000 share capital comprising 1,000 ordinary shares at an issue price of RM1.00 per ordinary share. Subsequently, on 18 September 2020, AHB subscribed an additional 49,000 ordinary shares in ADSSB at an issue price of RM1.00 per ordinary share for a total cash consideration of RM49,000.

The principal activities of ADSSB are to engage in software development, provision of information technology related services and the intended reselling of third-party software.

In general, ADSSB provides ready-made digital solutions to corporates and small and medium enterprises. For information purpose, ready-made digital solutions refer to the digital platforms built by Agmo Group and offered as a service to customers on a usage basis.

**13. ACCOUNTANTS' REPORT (CONT'D)****1. GENERAL INFORMATION (CONT'D)****1.4 Incorporation of New Subsidiaries (cont'd)**Agmo Tech Sdn. Bhd.

Agmo Tech Sdn. Bhd. ("ATSB") was incorporated as a wholly-owned subsidiary of Agmo on 14 September 2020 with RM1,000 share capital comprising 1,000 ordinary shares at an issue price of RM1.00 per ordinary share. Subsequently, on 11 January 2021, AHB subscribed an additional 24,900,000 ordinary shares in ATSB at an issue price of RM0.01 per ordinary share for a total cash consideration of RM249,000.

The principal activities of ATSB are to engage in providing software development, provision of information technology related services and the intended reselling of third-party software.

In general, ATSB uses new technologies such as blockchain and extended reality to assist corporates and small and medium enterprises in their digital transformation with customised digital solutions.

Agmo Sierra Holdings Sdn. Bhd. (formerly known as Agmo Strongbyte Holdings Sdn. Bhd.) ("ASHSB")

ASHSB was incorporated as a wholly-owned subsidiary of Agmo on 12 January 2021 with RM1.00 share capital comprising 1 ordinary share at an issue price of RM1.00 per ordinary share. Subsequently, on 28 October 2021, Agmo subscribed an additional 699 ordinary shares in ASHSB at an issue price of RM1.00 per ordinary share for a total cash consideration of RM699. On even date, two parties, namely Tang Tung Ai and Fong Huang Yee, subscribed a total of 300 ordinary shares in ASHSB at an issue price of RM1.00 per ordinary share for a total cash consideration of RM300. Pursuant thereto, ASHSB became a partially-owned subsidiary of Agmo with an effective equity interest of 70%.

The principal activities of ASHSB are to engage in investment holding, computer consultancy and provision of information technology related services.

**1.5 Investment in Joint Venture Company**WorkGrowth Technology Sdn. Bhd.

On 15 March 2021, the Company has entered into a joint venture agreement with a third party, LKC Advance Technology Sdn. Bhd ("LKC") and through its subsidiary, Agmo Capital Sdn. Bhd. ("ACSB") to set up a joint venture company, WorkGrowth Technology Sdn. Bhd. ("WGT").

As at the date of this report, the paid-up capital of the WGT is RM600,000 comprising 600,000 ordinary shares of WGT. The equity interest in WGT by the Group and LKC is 35% and 65% respectively. The principal activities of WGT are to engage in business and other applications and other information technology service activities.

**13. ACCOUNTANTS' REPORT (CONT'D)****2. RELEVANT FINANCIAL YEARS**

The consolidated financial statements of Agmo Group reflect the financial information of Agmo Holdings Berhad, Agmo Studio Sdn. Bhd., Agmo Capital Sdn. Bhd., Agmo Digital Solutions Sdn. Bhd., Agmo Tech Sdn. Bhd. and Agmo Sierra Holdings Sdn. Bhd. (formerly known as Agmo Strongbyte Holdings Sdn. Bhd.).

The relevant financial years/periods ("FYE/FPE") of the audited financial statements presented for the purpose of this report ("Relevant Financial Years/Periods") and the Auditors of the respective companies within the Group are as follows:-

<u>Company</u>	<u>Relevant Financial Years/Periods</u>	<u>Auditors</u>
Agmo Holdings Berhad	FYE 31 March 2019	Grant Thornton Malaysia PLT <sup>(i)</sup>
	FYE 31 March 2020	Grant Thornton Malaysia PLT
	FYE 31 March 2021	Grant Thornton Malaysia PLT
	FYE 31 March 2022	Grant Thornton Malaysia PLT
Agmo Studio Sdn. Bhd.	FYE 31 March 2019	Grant Thornton Malaysia PLT <sup>(i)</sup>
	FYE 31 March 2020	Grant Thornton Malaysia PLT
	FYE 31 March 2021	Grant Thornton Malaysia PLT
	FYE 31 March 2022	Grant Thornton Malaysia PLT
Agmo Capital Sdn. Bhd.	FYE 31 March 2019	Grant Thornton Malaysia PLT <sup>(i)</sup>
	FYE 31 March 2020	Grant Thornton Malaysia PLT
	FYE 31 March 2021	Grant Thornton Malaysia PLT
	FYE 31 March 2022	Grant Thornton Malaysia PLT
Agmo Digital Solutions Sdn. Bhd.	FPE 31 March 2021	Grant Thornton Malaysia PLT
	FYE 31 March 2022	Grant Thornton Malaysia PLT
Agmo Tech Sdn. Bhd.	FPE 31 March 2021	Grant Thornton Malaysia PLT
	FYE 31 March 2022	Grant Thornton Malaysia PLT
Agmo Sierra Holdings Sdn. Bhd. (formerly known as Agmo Strongbyte Holdings Sdn. Bhd.)	FPE 31 March 2021 <sup>(ii)</sup>	Grant Thornton Malaysia PLT
	FYE 31 March 2022	Grant Thornton Malaysia PLT

(i) The consolidated financial statements of the Group for the financial year ended 31 March 2019 have been prepared based on the audited financial statements which were re-audited by Grant Thornton Malaysia PLT for the purpose of inclusion into the consolidated financial statements of the Group. The audited financial statements which was lodged with Companies Commission of Malaysia were audited by a firm of chartered accountants other than Grant Thornton Malaysia PLT.

(ii) The subsidiary has been consolidated based on management accounts covering from 12 January 2021 (date of incorporation) to 31 March 2021.

The audited financial statements of Agmo Holdings Berhad, Agmo Studio Sdn. Bhd., Agmo Capital Sdn. Bhd., Agmo Digital Solutions Sdn. Bhd., Agmo Tech Sdn. Bhd. and Agmo Sierra Holdings Sdn. Bhd. (formerly known as Agmo Strongbyte Holdings Sdn. Bhd.) for the Relevant Financial Years/Periods reported above were not subject to any qualification or modification.

**13. ACCOUNTANTS' REPORT (CONT'D)****3. BASIS OF PREPARATION****3.1 Statement of Compliance**

The consolidated financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and in compliance with Chapter 10, Part II Division I: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

**3.2 Changes in Accounting Policies**

During the financial years under review, the Group adopted the following accounting policies which are relevant and applicable to the Group's consolidated financial statements:-

MFRS 15 Revenue from Contracts with Customers - effective 1 April 2018

MFRS 15 provides a single model for accounting for revenue arising from contracts with customers using a 5-step approach model.

The standard focuses on the identification and satisfaction of performance obligations in recognising revenue, moving from the transfer of risk and rewards.

The Group adopted MFRS 15 Revenue from Contracts with Customers retrospectively.

The adoption of MFRS 15 Revenue from Contracts with Customers does not have material financial impact to the consolidated financial statements of the Group.

MFRS 9 Financial Instruments - effective 1 April 2018*Classification and Measurement*

Previously, the Group's trade receivables and other financial assets (i.e., other investments, other receivables, amount due from a related company, amount due from a Director, fixed deposits with licensed banks and cash and cash equivalents) were classified as available-for-sale and loans and receivables, respectively are now classified and measured at fair value through other comprehensive income and amortised cost, respectively.

*Impairment*

In respect of impairment of financial assets, MFRS 9 replaces the MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments. The Group adopted MFRS 9 retrospectively with practical expedients and transitional exemptions as allowed by the standard. Nevertheless, as permitted by MFRS 9, the Group has elected not to restate the comparatives. The change in impairment model did not have a material impact to the consolidated financial statements of the Group.

MFRS 16 Leases – effective 1 April 2019

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

**13. ACCOUNTANTS' REPORT (CONT'D)****3. BASIS OF PREPARATION (CONT'D)****3.2 Changes in Accounting Policies (cont'd)**MFRS 16 Leases – effective 1 April 2019 (cont'd)

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The adoption of MFRS 16 has no material financial impact to the consolidated financial statements of the Group.

**3.3 Basis of Measurement**

The consolidated financial statements of the Group are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.



**13. ACCOUNTANTS' REPORT (CONT'D)****3. BASIS OF PREPARATION (CONT'D)****3.3 Basis of Measurement (cont'd)**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

**3.4 Functional and Presentation Currency**

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional currency and all values are rounded to the nearest RM except when otherwise stated.

**3.5 Adoption of New Standards/Amendments/Improvements to MFRSs**

The Group has consistently applied the accounting policies set out in Note 4 to all periods presented in these consolidated financial statements.

At the beginning of the current financial year, the Group adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 April 2021.

Initial application of the new standards/amendments/improvements to the standards did not have material impact on the consolidated financial statements of the Group.

**3.6 Standards Issued But Not Yet Effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Effective for annual period beginning on or after 1 January 2022

- Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contract-Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018-2020

Effective for annual period beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts \*
- Amendments to MFRS 17 Insurance Contracts \*
- Amendments to MFRS 17 Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information\*
- Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies

### **13. ACCOUNTANTS' REPORT (CONT'D)**

#### **3. BASIS OF PREPARATION (CONT'D)**

##### **3.6 Standards Issued But Not Yet Effective (cont'd)**

Effective for annual period beginning on or after 1 January 2023 (cont'd)

- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Deferred to a date to be determined by the MASB

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

\* Not applicable to the Group's operations.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impact to the consolidated financial statements of the Group upon its first adoption.

##### **3.7 Significant Accounting Estimates and Judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

###### **3.7.1 Estimation Uncertainty**

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

Management estimates the useful lives of the equipment to be within 5 years and reviews the useful lives of depreciable assets at end of each reporting period. At the end of the reporting period, management assesses that the useful lives represent the expected utility of the assets to the Group.

Actual results, however, may vary due to change in the expected level of usage, which results in adjustment to the Group's assets.

The carrying amount of the Group's equipment at the reporting date is disclosed in Note 5 to the consolidated financial statements.

**13. ACCOUNTANTS' REPORT (CONT'D)****3. BASIS OF PREPARATION (CONT'D)****3.7 Significant Accounting Estimates and Judgements (cont'd)****3.7.1 Estimation Uncertainty (cont'd)***Provision for expected credit losses ("ECLs") of receivables*

The Group uses a provision matrix to calculate ECLs for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the retail sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual defaults in the future.

*Income taxes*

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

*Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The Group applies the significant accounting policies, as summarised below, consistently throughout all years presented in the consolidated financial statements.

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 Business Combination****4.1.1 Basis of Business Combination**

The consolidated financial statements comprise the financial statements of Agmo Holdings Berhad, Agmo Studio Sdn. Bhd., Agmo Capital Sdn. Bhd., Agmo Digital Solutions Sdn. Bhd., Agmo Tech Sdn. Bhd., and Agmo Sierra Holdings Sdn. Bhd. (formerly known as Agmo Strongbyte Holdings Sdn. Bhd.). The financial statements are prepared for the same reporting date as Agmo Holdings Berhad. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

**4.1.2 Subsidiaries**

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

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**4.1.3 Loss of Control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

**13. ACCOUNTANTS' REPORT (CONT'D)****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 Business Combination (cont'd)****4.1.3 Loss of Control (cont'd)**

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

**4.1.4 Elimination on Combination**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**4.1.5 Non-controlling Interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Group, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Group. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

**4.1.6 Associate and Joint Arrangement**

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The investment in an associate and joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the associate and joint venture made up to the end of the reporting period. The Group's share of post-acquisition profits and other comprehensive income/expenses of the associate and joint venture are included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate and joint venture is carried in the consolidated financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

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

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

**13. ACCOUNTANTS' REPORT (CONT'D)****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 Business Combination (cont'd)****4.1.6 Associate and Joint Arrangement (cont'd)**

When the Group ceases to have significant influence over an associate and joint venture and the retained interest in the former associate and joint venture is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate and joint venture to profit or loss when the equity method is discontinued.

**4.2 Equipment**

All equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight-line method in order to write off the cost or valuation of each asset over its estimated useful life. Equipment are depreciated based on the estimated useful lives of the assets as follows:-

Computer and software	20%
Office equipment	20%
Fixture and fittings	20%

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of equipment.

Equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the asset is derecognised.

**4.3 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**13. ACCOUNTANTS' REPORT (CONT'D)****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 Financial Instruments (cont'd)****4.3.1 Financial Assets***Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

*Subsequent measurement*

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

*Financial assets at amortised cost*

Financial assets at amortised cost are subsequently measured using effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade and most of the other receivables, fixed deposits placed with licensed banks, amount due from a Director and cash and bank balances.

**13. ACCOUNTANTS' REPORT (CONT'D)****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 Financial Instruments (cont'd)****4.3.1 Financial Assets (cont'd)***Financial assets through profit or loss*

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

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

*Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



**13. ACCOUNTANTS' REPORT (CONT'D)****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 Financial Instruments (cont'd)****4.3.1 Financial Assets (cont'd)***Impairment*

The Group recognises an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, and cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience with forward-looking information. An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group assesses whether the financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

**4.3.2 Financial Liabilities***Initial recognition and measurement*

On initial recognition, the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**13. ACCOUNTANTS' REPORT (CONT'D)****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 Financial Instruments (cont'd)****4.3.2 Financial Liabilities (cont'd)***Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

*Financial liabilities at amortised cost*

This is the category most relevant to the Group and the Company. Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Any gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

The Group's financial liability includes other payables and accruals.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

**4.3.3 Offsetting of Financial Instruments**

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

**4.4 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand, bank balances and short-term fixed deposits with licensed financial institution and short term, highly liquid investment which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.5 Impairment of Non-financial Assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for such asset in prior years. Such reversal is recognised in the profit or loss unless it is carried at the revalued amount, in which case the reversal is treated as a revaluation increase.

**4.6 Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the rights to control the use of an identified asset for a period of time in exchange for consideration.

**4.6.1 Group as Lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**13. ACCOUNTANTS' REPORT (CONT'D)****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.6 Leases (cont'd)****4.6.1 Group as Lessee (cont'd)****4.6.1.1 Right-of-use Assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

- Office premises rental 2 to 6 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as set out in Note 4.5 to the financial statements.

**4.6.1.2 Lease Liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses their incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**4.6.1.3 Short-term Leases and Leases of Low-value Assets**

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**13. ACCOUNTANTS' REPORT (CONT'D)****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.7 Equity Instrument**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior financial years retained earnings.

All transactions with owners of the Company are recorded separately with equity.

**4.8 Provisions**

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**4.9 Revenue from Contracts with Customers**

The Group's 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.

The Group recognises revenue when it satisfies a performance obligation by transferring control of a promised service to a customer. The Group determines whether the service are distinct, and therefore separate performance obligations, when there are multiple promises in a contract. At inception of the contract, the Group determines the consideration or transaction price that it expects to be entitled in exchange for transferring promised services to the customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of relative standalone selling prices of each distinct service promised in the contract and is recognised when those performance obligations are satisfied and the control of services is transferred to the customer, either over time or at a point in time.

**4.9.1 Development of Mobile and Web Applications**

Revenue from 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. The Group determines that each promise is distinct and are therefore separate performance obligations. These contracts usually comprise fixed consideration. The transaction price is allocated to each performance obligation on the basis of relative standalone selling prices of each distinct service promised in the contract.

**13. ACCOUNTANTS' REPORT (CONT'D)****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.9 Revenue from Contracts with Customers (cont'd)****4.9.1 Development of Mobile and Web Applications (cont'd)**

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

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

**4.9.2 Provision of Digital Platform-based Services**

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

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

**4.9.3 Provision of Subscription, Hosting, Technical Support and Maintenance Services**

Revenue from 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, the 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.

**4.9.4 Trade Receivables**

A receivable represents the Group's rights to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 4.3.1.

**4.9.5 Contract Liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods and services. Contract liabilities are recognised as revenue when the Group performs its obligations under the contract (i.e., transfer control of the related goods or services to the customer).

**4.9.6 Revenue from Other Source****4.9.6.1 Interest Income**

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

**4.9.6.2 Income from Fixed Income Fund**

Income from fixed income fund is recognised when the right to receive payment is established.

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.10 Employees' Benefits****4.10.1 Short-term Employees' Benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year, in which the associated services are rendered by the employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences are incurred.

**4.10.2 Defined Contribution Plan**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF").

**4.11 Tax Expense**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

**4.11.1 Current Tax**

Current tax is the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

**4.11.2 Deferred Tax**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.11 Tax Expense (cont'd)****4.11.2 Deferred Tax (cont'd)**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**4.12 Goods and Services Tax**

The Malaysia Government has zero rated the GST effective from 1 June 2018. This means the GST rate on supplying of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST was replaced with the Sales and Services Tax effective from 1 September 2018. The rate for sale tax is fixed at 5% or 10%, while the rate for service tax is fixed at 6%.

The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.

**4.13 Sales and Services Tax**

Expenses and assets are recognised net of the amount of sales and services tax, except:-

- (a) when the sales and services tax incurred on a purchase of assets, the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- (b) when receivables and payables are stated with the amount of sales and services tax included.

The net amount of sales and services tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.



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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.14 Foreign Currency Transactions and Balances**

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

**4.15 Operating Segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All reporting segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

**4.16 Earnings Per Share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of ordinary shares in issue during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of shares in issue, for the effects of all potential dilutive ordinary shares during the period.

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.17 Related Parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:-
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:-
- (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity;
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly-controlled by a person identified in (a) above;
  - (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the holding company or the entity;  
or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

**13. ACCOUNTANTS' REPORT (CONT'D)****5. EQUIPMENT**

<b>Audited</b>	<u>Computer and software</u> RM	<u>Office equipment</u> RM	<u>Fixture and fittings</u> RM	<u>Total</u> RM
<b>Cost</b>				
At 1 April 2018	132,031	8,559	-	140,590
Additions	47,297	16,721	-	64,018
At 31 March 2019	179,328	25,280	-	204,608
Additions	71,097	1,797	-	72,894
At 31 March 2020	250,425	27,077	-	277,502
Additions	71,106	1,522	-	72,628
At 31 March 2021	321,531	28,599	-	350,130
Additions	328,206	24,072	6,937	359,215
At 31 March 2022	649,737	52,671	6,937	709,345
<b>Accumulated depreciation</b>				
At 1 April 2018	65,827	1,907	-	67,734
Charge for the financial year	25,732	4,220	-	29,952
At 31 March 2019	91,559	6,127	-	97,686
Charge for the financial year	32,732	5,184	-	37,916
At 31 March 2020	124,291	11,311	-	135,602
Charge for the financial year	43,066	5,519	-	48,585
At 31 March 2021	167,357	16,830	-	184,187
Charge for the financial year	82,552	7,267	578	90,397
At 31 March 2022	249,909	24,097	578	274,584
<b>Net carrying amounts</b>				
At 31 March 2019	87,769	19,153	-	106,922
At 31 March 2020	126,134	15,766	-	141,900
At 31 March 2021	154,174	11,769	-	165,943
At 31 March 2022	399,828	28,574	6,359	434,761

**13. ACCOUNTANTS' REPORT (CONT'D)**

**6. RIGHT-OF-USE ASSETS**

The Group leases two office premises for a period of 2 to 3 years plus renewal options of 2 to 3 years after the end of the current lease terms. The Group has assessed that it is reasonably certain that the renewal options will be exercised.

<b>Audited</b>	<u>Office premises</u> <u>RM</u>
<b>Cost</b>	
At 1 April 2021	-
Additions	<u>861,111</u>
At 31 March 2022	<u>861,111</u>
<b>Accumulated depreciation</b>	
At 1 April 2021	-
Charge for the financial year	<u>82,793</u>
At 31 March 2022	<u>82,793</u>
<b>Net carrying amounts</b>	
At 31 March 2022	<u><u>778,318</u></u>

**7. INVESTMENT IN AN ASSOCIATE**

	<b>Audited</b>			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Unquoted shares, at cost	269,231	269,231	269,231	-
Share of post-acquisition results, net of tax	<u>(269,231)</u>	<u>(269,231)</u>	<u>(269,231)</u>	<u>-</u>
	-	-	-	-
Loans that are part of net investment	1,868,526	1,868,526	1,868,526	-
Less: Accumulated impairment loss	<u>(1,868,525)</u>	<u>(1,868,525)</u>	<u>(1,868,525)</u>	<u>-</u>
	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>-</u></u>

Loans that are part of net investment represent amount due from an associate which is non-trade in nature, unsecured and non-interest bearing. The settlement of this amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Group to treat this amount as a long-term source of capital to the associate. As this amount is, in substance, a part of the Group's net investment in the associate, it is stated at cost less accumulated impairment loss, if any.

**13. ACCOUNTANTS' REPORT (CONT'D)**

**7. INVESTMENT IN AN ASSOCIATE (CONT'D)**

In the year 2019 to 2021, the Group did not recognise losses related to Appstremely Sdn. Bhd., where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the previous reporting period was RM3,709,349 (2020: RM3,086,186; 2019: RM2,423,890), of which RM623,163 (2020: RM662,296; 2019: RM746,312) was the share of the respective financial year's losses. The Group has no obligation in respect of these losses.

The movement of accumulated impairment losses is as follows:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
At 1 April	1,868,525	1,868,525	1,868,525	1,868,525
Disposal	-	-	-	(1,868,525)
At 31 March	<u>1,868,525</u>	<u>1,868,525</u>	<u>1,868,525</u>	<u>-</u>

The impairment loss was provided for the investment in an associate, Appstremely Sdn. Bhd. as the associate was loss making and in capital deficiency as at the respective financial year end. The carrying amount of investment in an associate has been assessed to be irrecoverable.

The details of associate is as follows:-

<u>Name of associate</u>	<u>Principal place of business</u>	<u>Effective ownership interest and voting interest</u>				<u>Principal activities</u>
		<u>2019</u> %	<u>2020</u> %	<u>2021</u> %	<u>2022</u> %	
Appstremely Sdn. Bhd. <sup>#</sup>	Malaysia	35	35	35	-	Information technology software and application development, advisory on computer software and hardware technologies and applications.

<sup>#</sup> - Audited by an auditor other than Grant Thornton Malaysia PLT.

Summarised financial information has not been presented for the previous financial years as the associate was not material to the Group.

In the year 2022, the Group has disposed off its investment in an associate to a third party for a total sale consideration of RM200,000 in cash.

**13. ACCOUNTANTS' REPORT (CONT'D)**

**8. INVESTMENT IN A JOINT VENTURE**

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Unquoted shares, at cost	-	-	-	210,000
Share of post-acquisition results, net of tax	-	-	-	(3,921)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,079</u>

The details of the joint venture is as follows:-

Name of joint venture	Principal place of business	Effective ownership interest and voting interest				Principal activities
		<u>2019</u> %	<u>2020</u> %	<u>2021</u> %	<u>2022</u> %	
WorkGrowth Technology Sdn. Bhd.#	Malaysia	-	-	-	35	Business and other applications, other information technology services activities.

#- Audited by auditors other than Grant Thornton Malaysia PLT.

On 9 August 2021, ACSB subscribed 35% of equity interest in WGT for a total cash consideration of RM35,000. On 25 November 2021, ACSB further subscribed additional 175,000 ordinary shares in WGT for a total cash consideration of RM175,000. The additional subscription does not result in the change of effective equity interest in WGT.

WGT is established as a separate vehicle and provides the Group with rights to the net assets of the entity. Accordingly, the Group has classified the investment in WGT as a joint venture.

The summary of the unaudited financial information of the Group's material joint venture, WGT, after adjusting for any differences in accounting policies and reconciling the unaudited financial information to the carrying amount of the Group's interest in the joint venture is as below:-

	WGT <u>2022</u> RM
<b>Financial position as at 31 March</b>	
Non-current assets	530,000
Current assets	61,235
Current liabilities	<u>(2,437)</u>
Net assets	<u>588,798</u>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**8. INVESTMENT IN A JOINT VENTURE (CONT'D)**

The summary of the unaudited financial information of the Group's material joint venture, WGT, after adjusting for any differences in accounting policies and reconciling the unaudited financial information to the carrying amount of the Group's interest in the joint venture is as below (cont'd):-

	WGT <u>2022</u> RM
<b>Summary of financial performance for the financial period ended 31 March</b>	
Revenue	3,500
Finance cost	53
Loss for the financial period	(11,202)
Total comprehensive loss for the financial period	<u>(11,202)</u>
Group's share of loss for the financial period	(3,921)
Group's share of total comprehensive loss for the financial period	<u>(3,921)</u>
<b>Reconciliation of net assets to carrying amount</b>	
Group's share of net assets/Carrying amount in the statement of financial position	<u>206,079</u>

**Contingent liabilities and capital commitment**

The joint venture has no contingent liabilities or capital commitments as at the reporting date.

**9. OTHER INVESTMENTS**

	← Audited →			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
<b>Fair value through other comprehensive income ("FVTOCI")</b>				
<u>Non-current asset</u>				
Unquoted shares, at fair value	<u>107,991</u>	<u>107,991</u>	<u>107,991</u>	<u>174,659</u>

The Group has designated the equity investment at FVTOCI because the Group intends to hold these investments for long-term strategic purposes.

The fair value of each investment is summarised as follows:-

	← Audited →			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
Unquoted shares of Entity A	67,740	67,740	67,740	67,740
Unquoted shares of Entity B	40,250	40,250	40,250	40,250
Unquoted shares of Entity C	1	1	1	1
Unquoted shares of Entity D	-	-	-	66,667
Unquoted shares of Entity E	-	-	-	1
	<u>107,991</u>	<u>107,991</u>	<u>107,991</u>	<u>174,659</u>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**9. OTHER INVESTMENTS (CONT'D)**

Other investments stated at fair value are analysed into Level 3 fair value measurements.

The Level 3 fair value of other investments have been determined using discounted cash flow approach based on the next 5 financial years' pre-tax cash flow projections that approved by management using the significant unobservable inputs. All unquoted shares investments fall within Level 3 fair value measurements.

The fair value of unquoted equity investment in Entity D at the end of the reporting period approximates the cost of investment due to the relatively short period of time since the investment was made by the Group and there have been no significant changes to Entity D's business operations and market conditions in which it operates.

The details of significant unobservable inputs of material investments under Level 3 fair value measurement relating to Entity A and B are as follows:-

Investment in an entity engaged in providing mobile application for healthcare consultation service (Entity A)

<u>Unobservable Inputs</u>		<u>Relationship of Unobservable Inputs to Fair Value</u>	<u>Sensitivity Analysis (Assume All Other Variables Held Constant)</u>
Revenue growth rates of 5% (2021: 5%; 2020: 5%; 2019: 5%)	Based on management's experience and knowledge of market conditions of the specific industry.	The higher the revenue growth rate, the higher the fair value.	A 1% change in revenue growth rate would result in an increase/decrease in the fair value by RM47,000.
Pre-tax operating profit margins of 8% (2021: 4%; 2020: 4%; 2019: 4%)	Taking into account management's experience and knowledge of market conditions of the specific industry.	The higher the pre-tax operating margin, the higher the fair value.	A 1% change in pre-tax operating profit margin would result in an increase/decrease in the fair value by RM111,000.
Discount rate of 10% (2021: 10%; 2020: 10%; 2019: 10%)	Determined using a Weighted Average Cost of Capital.	The higher the discount rate, the lower the fair value.	A 1% change in discount rate would result in a decrease/increase in the fair value by RM11,000.



**13. ACCOUNTANTS' REPORT (CONT'D)**

**9. OTHER INVESTMENTS (CONT'D)**

The details of significant unobservable inputs of material investments under Level 3 fair value measurement relating to Entity A and B are as follows (cont'd):-

Investment in an entity engaged in online land search platform and legal-related information search platform (Entity B)

<u>Unobservable Inputs</u>	<u>Relationship of Unobservable Inputs to Fair Value</u>	<u>Sensitivity Analysis (Assume All Other Variables Held Constant)</u>
Revenue growth rates of 8% (2021: 8%; 2020: 8%; 2019: 8%)	Based on management's experience and knowledge of market conditions of the specific industry. The higher the revenue growth rate, the higher the fair value.	A 1% change in revenue growth rate would result in an increase/decrease in the fair value by approximately RM24,000.
Pre-tax operating profit margins of approximately 8% (2021: 7%; 2020: 7%; 2019: 7%)	Taking into account management's experience and knowledge of market conditions of the specific industry. The higher the pre-tax operating margin, the higher the fair value.	A 1% change in pre-tax operating profit margin would result in an increase/decrease in the fair value by approximately RM38,000.
Discount rate of 10% (2021: 10%; 2020: 10%; 2019: 10%)	Determined using a Weighted Average Cost of Capital. The higher the discount rate, the lower the fair value.	A 1% change in discount rate would result in a decrease/increase in the fair value by approximately RM6,000.

**10. TRADE RECEIVABLES**

	← <b>Audited</b> →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Trade receivables				
- Third parties	1,102,118	1,813,883	3,751,933	4,466,961
- Associate	5,210	-	-	-
- Related parties	110,640	-	217,869	-
	<u>1,217,968</u>	<u>1,813,883</u>	<u>3,969,802</u>	<u>4,466,961</u>
Less: Allowance for expected credit losses	(10,632)	-	(225,110)	(33,110)
	<u>1,207,336</u>	<u>1,813,883</u>	<u>3,744,692</u>	<u>4,433,851</u>
Accrued revenue	-	-	55,156	-
	<u>1,207,336</u>	<u>1,813,883</u>	<u>3,799,848</u>	<u>4,433,851</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****10. TRADE RECEIVABLES (CONT'D)**

The movement of allowance for expected credit losses is as follows:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
At 1 April	-	10,632	-	225,110
Addition during the year	10,632	-	225,110	-
Amount written off during the year as uncollectible	-	(10,632)	-	-
Reversal	-	-	-	(192,000)
At 31 March	<u>10,632</u>	<u>-</u>	<u>225,110</u>	<u>33,110</u>

The normal credit term granted by the Group to the trade receivables are 30 to 90 days (2021: 30 to 90 days; 2020: 30 to 90 days; 2019: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

**11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Non-trade receivables	-	75,000	75,000	10,000
Deposits	5,000	24,000	10,738	38,941
Prepayments	24,385	-	11,036	33,978
Prepayments of initial public offering listing expenses	-	-	-	1,323,160
GST receivable	2,652	738	-	-
	<u>32,037</u>	<u>99,738</u>	<u>96,774</u>	<u>1,406,079</u>

**12. AMOUNT DUE FROM A DIRECTOR**

The amount due from a Director is non-trade in nature, unsecured, interest free and receivable up to 3 years from disbursement date.

In the year 2021, the amount due from a Director has been fully settled.

**13. FIXED DEPOSITS PLACED WITH LICENSED BANKS**

The fixed deposits placed with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.66% to 2.47% (2021: 1.60% to 3.08%; 2020: 2.95% to 3.30%; 2019: 3.30% to 4.15%) per annum.

Included in fixed deposits placed with licensed banks amounting to RM11,824 (2021: RM24,934; 2020: RM24,542; 2019: Nil) is held in trust by one of the Directors of the Company. The said fixed deposit is pledged as security for a banking facility granted to a subsidiary within the Group to facilitate the issuance of performance bond as required under a contract with a customer.

**13. ACCOUNTANTS' REPORT (CONT'D)**

**14. CASH AND BANK AND SHORT TERM INVESTMENT**

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Fixed income fund with a licensed bank	1,538,623	-	-	-
Short term investment	-	-	-	979,332
Cash at banks and on hand	<u>2,702,802</u>	<u>7,790,226</u>	<u>1,308,299</u>	<u>1,438,694</u>
	<u>4,241,425</u>	<u>7,790,226</u>	<u>1,308,299</u>	<u>2,418,026</u>

The fixed income fund with a licensed bank and short term investment represent investment in highly liquid investments which are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

The short term investment is recognised initially at its fair value and subsequently measured at fair value through profit or loss. The fair value changes during the financial year is recognised in profit or loss.

**15. SHARE CAPITAL**

	← Audited →			
	<u>2019</u> Unit	<u>2020</u> Unit	<u>2021</u> Unit	<u>2022</u> Unit
At beginning of the financial year/At end of the financial year	<u>400,000,000</u>	<u>400,000,000</u>	<u>400,000,000</u>	<u>400,000,000</u>

	← Audited Amount →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
<b>Issued and fully paid with no par value:-</b>				
At beginning of the financial year/At end of the financial year	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

**13. ACCOUNTANTS' REPORT (CONT'D)**

**16. NON-CONTROLLING INTERESTS**

The Group's subsidiary that has non-controlling interests is as follows:-

	<b>ASHSB</b>			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
Effective equity interest (%)	-	-	-	30
Carrying amount of non-controlling interests	-	-	-	46,426
Profit/Total comprehensive income allocated to non-controlling interests	-	-	-	46,126

The summary of financial information before intra-group elimination for the Group's subsidiary that has material non-controlling interest is as below:-

	<b>ASHSB</b>
	<u>2022</u>
	RM
<b>Financial position as at 31 March</b>	
Non-current assets	83,252
Current assets	384,373
Non-current liabilities	(51,230)
Current liabilities	(107,594)
Net assets	<u>308,801</u>
<b>Summary of financial performance for the financial year ended 31 March</b>	
Revenue	562,926
Profit for the financial year	307,801
Total comprehensive income for the financial year	<u>307,801</u>
<b>Summary of cash flows for the financial year ended 31 March</b>	
Net cash inflow from operating activities	6,293
Net cash outflow from investing activity	(31,479)
Net cash inflow from financing activities	<u>25,622</u>
Net cash inflow	<u>436</u>

**17. DEFERRED TAX LIABILITIES**

	<b>Audited</b>			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
At 1 April	5,561	8,936	8,936	25,509
Recognised in profit or loss (Note 28)	3,375	-	16,573	33,060
At 31 March	<u>8,936</u>	<u>8,936</u>	<u>25,509</u>	<u>58,569</u>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**17. DEFERRED TAX LIABILITIES (CONT'D)**

The deferred tax liabilities as at the end of the reporting year are made up of the temporary differences arising from:-

	<b>Audited</b>			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
<u>Deferred tax liability</u>				
Equipment over its tax base	<u>8,936</u>	<u>8,936</u>	<u>25,509</u>	<u>58,569</u>

**18. LEASE LIABILITIES**

	<b>Audited</b>
	<u>2022</u>
	RM
At 1 April	-
Addition	861,111
Accretion of lease liabilities interest	21,916
Payments	<u>(77,855)</u>
As at 31 March	<u>805,172</u>
Represented by:-	
Current	153,657
Non-current	<u>651,515</u>
	<u>805,172</u>

The effective interest rate of lease liabilities of the Group is charged at 5.40% per annum.

The maturity analysis of lease liabilities is disclosed in Note 35(b) to the financial statements.

The following are the amounts recognised in profit or loss:-

	<b>Audited</b>			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
Depreciation of right-of-use assets	-	-	-	82,793
Accretion of interest on lease liabilities	-	-	-	21,916
Expenses relating to short-term leases	<u>-</u>	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**18. LEASE LIABILITIES (CONT'D)**

The following are total cash outflow from lease liabilities:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Interest paid	-	-	-	21,916
Repayment of lease liabilities	-	-	-	55,939
Payment of short-term leases	-	1,800	1,800	1,800
	<u>-</u>	<u>1,800</u>	<u>1,800</u>	<u>79,655</u>

**19. OTHER PAYABLES AND ACCRUALS**

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Non-trade payables	44,210	73,612	69,367	221,057
Accruals	71,142	254,010	174,432	824,647
Sales and services tax payable	77,816	140,818	214,201	376,907
	<u>193,168</u>	<u>468,440</u>	<u>458,000</u>	<u>1,422,611</u>

**20. CONTRACT LIABILITIES**

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Advanced billings for provision of subscription, hosting, technical support and maintenance services	-	135,865	382,428	512,155
	<u>-</u>	<u>135,865</u>	<u>382,428</u>	<u>512,155</u>

Contract liabilities relate to advanced billings for provision of subscription, hosting, technical support and maintenance services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to.

**13. ACCOUNTANTS' REPORT (CONT'D)**
**21. REVENUE**

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
<u>Types of revenue</u>				
Development of mobile and web applications	5,123,945	5,413,174	7,269,410	12,956,637
Provision of subscription, hosting, technical support and maintenance services	310,941	800,454	1,068,141	2,377,022
Provision of digital platform-based services	-	-	702,777	1,192,012
	<u>5,434,886</u>	<u>6,213,628</u>	<u>9,040,328</u>	<u>16,525,671</u>
<u>Timing of revenue recognition</u>				
Services at a point in time	5,123,945	5,413,174	7,972,187	14,148,649
Services transferred over time	310,941	800,454	1,068,141	2,377,022
	<u>5,434,886</u>	<u>6,213,628</u>	<u>9,040,328</u>	<u>16,525,671</u>

**22. OTHER INCOME**

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Bad debt recovered	-	-	-	2,000
Gain on disposal of investment in an associate	-	-	-	199,999
Unrealised gain on foreign exchange	-	11,750	-	2,759
Realised gain on foreign exchange	-	-	2,024	-
Miscellaneous income	878	-	-	2,311
	<u>878</u>	<u>11,750</u>	<u>2,024</u>	<u>207,069</u>

**23. DEPRECIATION**

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Depreciation of equipment	29,952	37,916	48,585	90,397
Depreciation of right-of-use assets	-	-	-	82,793
	<u>29,952</u>	<u>37,916</u>	<u>48,585</u>	<u>173,190</u>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**24. OTHER EXPENSES**

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Bad debts written off	44,100	10,632	45,000	-
Fair value loss on short term investment	-	-	-	20,667
Realised loss on foreign exchange	5,969	520	-	18,849
Unrealised loss on foreign exchange	-	-	564	-
	<u>50,069</u>	<u>11,152</u>	<u>45,564</u>	<u>39,516</u>

**25. FINANCE INCOME**

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Interest from fixed deposits	51,079	8,284	189,067	94,271
Interest from fixed income fund	27,000	111,618	-	-
	<u>78,079</u>	<u>119,902</u>	<u>189,067</u>	<u>94,271</u>

**26. FINANCE COST**

Finance cost comprises interest expense incurred on lease liabilities.

**27. PROFIT BEFORE TAX**

Profit before tax is determined after charging, amongst others the following items:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Auditors' remuneration				
- current year	16,000	28,000	40,000	55,000
- under provision in previous financial year	1,000	1,702	-	-
Rental of equipment	1,800	-	-	-
Expenses relating to short term lease	-	1,800	1,800	1,800
	<u>-</u>	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>



**13. ACCOUNTANTS' REPORT (CONT'D)**

**28. TAX EXPENSE**

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
<b>Income tax:-</b>				
Current year	12,470	1,988	45,381	179,304
Under provision in prior year	9,624	-	-	4,015
	<u>22,094</u>	<u>1,988</u>	<u>45,381</u>	<u>183,319</u>
<b>Deferred tax (Note 17):-</b>				
Current year	1,100	-	16,573	34,997
Under/(Over) provision in prior year	2,275	-	-	(1,937)
	<u>3,375</u>	<u>-</u>	<u>16,573</u>	<u>33,060</u>
	<u>25,469</u>	<u>1,988</u>	<u>61,954</u>	<u>216,379</u>

Revenue from principal activities of a subsidiary, Agmo Studio Sdn. Bhd. is not subject to income tax, due to an incentive granted under the MSC Malaysia status, whereby the subsidiary is granted full tax exemption on its statutory income from pioneer activities. This incentive is granted under the Promotion of Investments Act 1986 with extension of another five (5) years, from 11 December 2017 to 10 December 2022.

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

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Profit before tax	<u>2,436,929</u>	<u>2,497,575</u>	<u>4,066,346</u>	<u>6,954,768</u>
At Malaysian statutory tax rate at 24%	584,863	599,418	975,923	1,669,144
Tax effects in respect of:-				
Expenses not deductible for tax purposes	45,362	36,607	122,039	182,772
Income not subject to tax	(6,480)	(29,608)	-	(94,560)
Movement of deferred tax assets not recognised	-	-	134,630	243,735
Tax exempted under MSC Malaysia status	(610,175)	(604,429)	(1,170,638)	(1,787,731)
Under provision of current tax in prior year	9,624	-	-	4,015
Under/(Over) provision of deferred tax in prior year	2,275	-	-	(1,937)
Share of results in a joint venture	-	-	-	941
	<u>25,469</u>	<u>1,988</u>	<u>61,954</u>	<u>216,379</u>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**28. TAX EXPENSE (CONT'D)**

Deferred tax assets at gross have not been recognised in respect of the following temporary differences due to uncertainty of recoverability:-

	← Audited →			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
Unused tax losses	-	-	566,755	1,335,213
Unabsorbed capital allowances	-	-	35,652	122,398
Provision	-	-	-	201,891
Carrying amount of qualifying equipment over its tax base	-	-	(41,447)	(82,980)
	-	-	560,960	1,576,522

In the current and previous financial year, there are unused tax losses and unabsorbed capital allowances from a subsidiary, Agmo Tech Sdn. Bhd. amounting to RM1,335,213 (2021: RM566,755) and RM122,398 (2021: RM35,652) respectively. Deferred tax assets have not been recognised in respect of these items as the subsidiary may not have sufficient future taxable profits in which these items can be utilised.

The comparative figures of the Group have been revised to reflect the previous year's final tax submission.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the time frame to carry forward current year tax losses for Year of Assessment ("YA") 2019 and subsequent years of assessment has been extended from 7 to 10 consecutive years of assessment. Unabsorbed tax losses accumulated up to YA 2018 can now be carried forward for 10 consecutive years of assessment until YA 2028.

	← Audited →			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
Utilisation period of temporary differences:-				
Indefinite	-	-	(5,795)	241,309
Within 10 years from unabsorbed tax loss	-	-	566,755	1,335,213
	-	-	560,960	1,576,522

**13. ACCOUNTANTS' REPORT (CONT'D)**

**29. EARNINGS PER SHARE**

	← Audited →			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
Profit attributable to owners (RM)	2,411,460	2,495,587	4,004,392	6,692,263
Number of ordinary shares	400,000,000	400,000,000	400,000,000	400,000,000
Basic earnings per share (RM)	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>

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

**30. DIVIDENDS**

	← Audited →			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
<u>In respect of the financial year ended 31 March 2019:-</u>				
An interim single-tier dividend of 0.075% per ordinary share, paid on 15 February 2019	300,000	-	-	-
A final single-tier dividend of 0.03% per ordinary share, paid on 18 March 2020	-	120,573	-	-
<u>In respect of the financial year ended 31 March 2020:-</u>				
A single-tier dividend of 0.75% per ordinary share, paid on 22 February 2021	-	-	3,000,000	-
<u>In respect of the financial year ended 31 March 2021:-</u>				
A single-tier dividend of 0.75% per ordinary share, paid on 22 March 2021	-	-	3,000,000	-
<u>In respect of the financial year ended 31 March 2022:-</u>				
A single-tier dividend of 0.75% per ordinary share, paid on 31 March 2022	-	-	-	3,000,000
	<u>300,000</u>	<u>120,573</u>	<u>6,000,000</u>	<u>3,000,000</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****31. EMPLOYEE BENEFITS EXPENSES**

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Salaries and other emoluments	2,064,139	2,674,603	3,105,706	6,908,334
Defined contribution plan	235,134	312,902	368,432	742,332
Social security contribution	22,640	32,475	37,750	74,782
Other benefits	150,179	223,461	163,117	308,389
	<u>2,472,092</u>	<u>3,243,441</u>	<u>3,675,005</u>	<u>8,033,837</u>

Included in the employee benefit expense is the Directors' remuneration as below:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Salaries and other emoluments	337,870	348,270	334,376	404,775
Defined contribution plan	41,890	43,509	40,537	44,308
Social security contribution	1,847	1,847	1,616	1,847
Other benefits	9,964	13,111	2,415	-
	<u>391,571</u>	<u>406,737</u>	<u>378,944</u>	<u>450,930</u>

**32. RELATED PARTY DISCLOSURES**

- (a) Related party transactions have been entered into in the normal course of business under negotiated terms and conditions and are mutually agreed with respective parties. The significant related party transactions of the Group are as follows:-

	← Audited →			
	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Sales to related parties				
- MY E.G. Services Berhad	150,700	74,504	96,780	517,800
- Cardbiz Solutions Sdn. Bhd.	19,360	-	-	-
- Syok Driver Sdn. Bhd.	-	-	93,208	-
- Mama Dessert (M) Sdn. Bhd.	-	-	7,124	2,390
- Getcoinapp Sdn. Bhd.	-	-	153,774	-
- GoConsult Sdn. Bhd.	235,094	399	-	-
- NFT Pangolin Technologies Sdn. Bhd.	-	-	-	195,000
- WorkGrowth Technology Sdn. Bhd.	-	-	-	350,980
- Zetrix Sdn. Bhd. (formerly known as MYBB Techchain Sdn. Bhd.)	-	-	-	30,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**32. RELATED PARTY DISCLOSURES (CONT'D)**

- (a) Related party transactions have been entered into in the normal course of business under negotiated terms and conditions and are mutually agreed with respective parties. The significant related party transactions of the Group are as follows (cont'd):-

	← Audited →			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
Sales to an associate	19,795	-	-	-
Purchases from a related party				
- Hurr TV Sdn. Bhd.	-	-	(179,900)	(195,056)
Commission receivable from a related party				
- Mama Dessert (M) Sdn. Bhd.	-	-	164	-
(Advance to)/Repayment from a Director	(11,881)	(13,765)	25,664	-
Payment of lease liabilities to a related party				
- MY E.G. Services Berhad	-	-	-	(58,500)

- (b) Outstanding balances arising from related parties as at the reporting date are disclosed in Notes 10 and 12 to the consolidated financial statements.
- (c) Compensation of key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. Key management includes all the Directors of the Group and certain members of senior management.

The remuneration of key management personnel is as follows:-

	← Audited →			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RM	RM	RM	RM
Salaries and other emoluments	496,210	511,810	469,301	649,879
Defined contribution plan	61,928	64,495	56,893	76,846
Social security contribution	2,770	2,770	1,825	3,326
Other benefits	18,397	24,240	2,899	-
	<u>579,305</u>	<u>603,315</u>	<u>530,918</u>	<u>730,051</u>

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**33. SEGMENT INFORMATION**

Operating segments are prepared in a manner consistent with the internal reporting provided to the Directors as its chief operating decision maker in order to allocate resources to segments and assess their performance on a yearly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into three (3) main reportable segments as follows:-

- (a) Development of mobile and web applications
- (b) Provision of digital platform-based services
- (c) Provision of subscription, hosting, technical support and maintenance services

Inter-segment pricing is determined on a negotiated basis.

Segment profit

Segment profit is used to measure performance as the Directors believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

Segment assets information is neither included in the internal management reports nor provided regularly to the Directors. Hence no disclosure is made on segment assets.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Directors. Hence no disclosure is made on segment liabilities.

**13. ACCOUNTANTS' REPORT (CONT'D)**
**33. SEGMENT INFORMATION (CONT'D)**

<b>Group</b>	<b>Development of mobile and web applications RM</b>	<b>Provision of subscription, hosting, technical support and maintenance services RM</b>	<b>Total as per consolidated financial statements RM</b>
<b>2019</b>			
<b>Revenue</b>			
External revenue	5,123,945	310,941	5,434,886
Total revenue			<u>5,434,886</u>
<b>Results</b>			
Segment profit	2,603,222	140,705	2,743,927
Other income			878
Net measurement of expected credit losses			(10,632)
Selling and marketing expense			(3,228)
Administrative expenses			(292,074)
Depreciation			(29,952)
Other expenses			(50,069)
Finance income			<u>78,079</u>
Profit before tax			2,436,929
Tax expense			<u>(25,469)</u>
Profit for the financial year			<u>2,411,460</u>
<b>2020</b>			
<b>Revenue</b>			
External revenue	5,413,174	800,454	6,213,628
Total revenue			<u>6,213,628</u>
<b>Results</b>			
Segment profit	2,528,616	290,059	2,818,675
Other income			11,750
Net measurement of expected credit losses			10,632
Selling and marketing expenses			(6,028)
Administrative expenses			(408,288)
Depreciation			(37,916)
Other expenses			(11,152)
Finance income			<u>119,902</u>
Profit before tax			2,497,575
Tax expense			<u>(1,988)</u>
Profit for the financial year			<u>2,495,587</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****33. SEGMENT INFORMATION (CONT'D)**

<b>Group (cont'd)</b>	<u>Development of mobile and web applications</u> RM	<u>Provision of digital platform-based service</u> RM	<u>Provision of subscription, hosting, technical support and maintenance services</u> RM	<u>Elimination</u> RM	<u>Total as per consolidated financial statements</u> RM
2021					
<b>Revenue</b>					
External revenue	7,409,910	702,777	1,068,141	(140,500)	9,040,328
Total revenue					<u>9,040,328</u>
<b>Results</b>					
Segment profit	3,726,055	399,068	501,619	-	4,626,742
Other income					2,024
Net measurement of expected credit losses					(225,110)
Selling and marketing expenses					(40,157)
Administrative expenses					(392,071)
Depreciation					(48,585)
Other expenses					(45,564)
Finance income					<u>189,067</u>
Profit before tax					4,066,346
Tax expense					<u>(61,954)</u>
Profit for the financial year					<u>4,004,392</u>



**13. ACCOUNTANTS' REPORT (CONT'D)**

**33. SEGMENT INFORMATION (CONT'D)**

<b>Group (cont'd)</b>	<u>Development of mobile and web applications</u> RM	<u>Provision of digital platform-based service</u> RM	<u>Provision of subscription, hosting, technical support and maintenance services</u> RM	<u>Elimination</u> RM	<u>Total as per consolidated financial statements</u> RM
<b>2022</b>					
<b>Revenue</b>					
External revenue	13,753,181	1,192,012	2,637,804	(1,057,326)	16,525,671
Total revenue					<u>16,525,671</u>
<b>Results</b>					
Segment profit	5,620,978	760,178	999,436	-	7,380,592
Other income					207,069
Net measurement of expected credit losses					192,000
Selling and marketing expenses					(12,410)
Administrative expenses					(668,211)
Depreciation					(173,190)
Other expenses					(39,516)
Finance cost					(21,916)
Finance income					94,271
Share of loss of equity-accounted joint venture					<u>(3,921)</u>
Profit before tax					6,954,768
Tax expense					<u>(216,379)</u>
Profit for the financial year					<u>6,738,389</u>

Geographical information

Revenue based on geographical location of customers are as follows:-

	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM
Malaysia	4,578,215	4,766,318	7,301,356	14,461,649
Hong Kong	662,578	858,024	987,054	1,350,133
Singapore	-	18,450	721,743	647,106
Sri Lanka	137,400	427,550	-	-
Other countries	56,693	143,286	30,175	66,783
	<u>5,434,886</u>	<u>6,213,628</u>	<u>9,040,328</u>	<u>16,525,671</u>

### 13. ACCOUNTANTS' REPORT (CONT'D)

#### 33. SEGMENT INFORMATION (CONT'D)

##### Major customers

The following are the major customers with revenue equal or more than 10% of the Group's revenue for the financial years ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022.

	<u>2019</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2022</u> RM	<u>Segment</u>
Customer A	662,578	858,024	987,054	1,997,447	Development of mobile and web applications
Customer B	966,937	*	1,180,374	*	Development of mobile and web applications; and Provision of subscription, hosting, technical support and maintenance services
Customer C	*	*	*	2,266,902	Development of mobile and web applications; and Provision of subscription, hosting, technical support and maintenance services

\* denotes revenue of less than 10% of the Group's revenue.

#### 34. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:-

- (a) Amortised cost ("AC");
- (b) Fair value through other comprehensive income ("FVTOCI"); and
- (c) Fair value through profit or loss ("FVTPL")

	<u>Carrying amount</u> RM	<u>AC</u> RM	<u>FVTOCI</u> RM	<u>FVTPL</u> RM
<b>2019</b>				
<u>Financial assets</u>				
Other investments	107,991	-	107,991	-
Trade receivables	1,207,336	1,207,336	-	-
Other receivables and deposits	5,000	5,000	-	-
Amount due from a Director	11,879	11,879	-	-
Fixed deposits placed with licensed banks	1,531,915	1,531,915	-	-
Cash and bank balances	4,241,425	4,241,425	-	-
	<u>7,105,546</u>	<u>6,997,555</u>	<u>107,991</u>	<u>-</u>
<u>Financial liability</u>				
Other payables and accruals	<u>115,352</u>	<u>115,352</u>	<u>-</u>	<u>-</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****34. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)**

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

- (a) Amortised cost ("AC");  
 (b) Fair value through other comprehensive income ("FVTOCI"); and  
 (c) Fair value through profit or loss ("FVTPL")

	Carrying amount RM	AC RM	FVTOCI RM	FVTPL RM
<b>2020</b>				
<u>Financial assets</u>				
Other investments	107,991	-	107,991	-
Trade receivables	1,813,883	1,813,883	-	-
Other receivables and deposits	99,000	99,000	-	-
Amount due from a Director	25,644	25,644	-	-
Fixed deposits placed with licensed banks	24,542	24,542	-	-
Cash and bank balances	7,790,226	7,790,226	-	-
	<u>9,861,286</u>	<u>9,753,295</u>	<u>107,991</u>	<u>-</u>
<u>Financial liability</u>				
Other payables and accruals	<u>327,622</u>	<u>327,622</u>	<u>-</u>	<u>-</u>
<b>2021</b>				
<u>Financial assets</u>				
Other investments	107,991	-	107,991	-
Trade receivables	3,799,848	3,799,848	-	-
Other receivables and deposits	85,738	85,738	-	-
Fixed deposits placed with licensed banks	2,784,164	2,784,164	-	-
Cash and bank balances	1,308,299	1,308,299	-	-
	<u>8,086,040</u>	<u>7,978,049</u>	<u>107,991</u>	<u>-</u>
<u>Financial liability</u>				
Other payables and accruals	<u>243,799</u>	<u>243,799</u>	<u>-</u>	<u>-</u>
<b>2022</b>				
<u>Financial assets</u>				
Other investments	174,659	-	174,659	-
Trade receivables	4,433,851	4,433,851	-	-
Other receivables and deposits	48,941	48,941	-	-
Fixed deposits placed with licensed banks	4,097,891	4,097,891	-	-
Cash and bank and short term investment	2,418,026	1,438,694	-	979,332
	<u>11,173,368</u>	<u>10,019,377</u>	<u>174,659</u>	<u>979,332</u>
<u>Financial liability</u>				
Other payables and accruals	<u>1,045,704</u>	<u>1,045,704</u>	<u>-</u>	<u>-</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****35. FINANCIAL RISK MANAGEMENT**

The Group is exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing their credit risk, liquidity risk and foreign currency risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:-

**(a) Credit risk**

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

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the Chief Executive Officer.

Following are the areas where the Group is exposed to credit risk:-

**(i) Trade receivables**

As at the end of the reporting date, the maximum exposure to credit risk arising from trade receivables is limited to the carrying amounts in the consolidated statements of financial position.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group assesses ECL 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 (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debts) despite the fact that they are still subject to enforcement activities. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Note 10 to the consolidated financial statement. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets.

**13. ACCOUNTANTS' REPORT (CONT'D)****35. FINANCIAL RISK MANAGEMENT (CONT'D)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

**(a) Credit risk (cont'd)**

Following are the areas where the Group is exposed to credit risk (cont'd):-

**(i) Trade receivables (cont'd)**

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:-

	<u>Gross</u> RM	<u>Loss</u> <u>allowances</u> RM	<u>Net</u> RM
<b>2019</b>			
Not past due	386,538	-	386,538
Past due:-			
1 - 30 days	76,108	-	76,108
31- 60 days	28,832	-	28,832
60 - 90 days	485,462	-	485,462
More than 90 days	230,396	-	230,396
	<u>1,207,336</u>	-	<u>1,207,336</u>
<b>Credit impaired</b>			
Individually impaired	10,632	(10,632)	-
	<u>1,217,968</u>	<u>(10,632)</u>	<u>1,207,336</u>
<b>2020</b>			
Not past due	600,289	-	600,289
Past due:-			
1 - 30 days	262,070	-	262,070
31- 60 days	577,434	-	577,434
60 - 90 days	204,382	-	204,382
More than 90 days	169,708	-	169,708
	<u>1,813,883</u>	-	<u>1,813,883</u>
<b>2021</b>			
Not past due	2,392,338	-	2,392,338
Past due:-			
1 - 30 days	829,015	-	829,015
31- 60 days	204,864	-	204,864
60 - 90 days	109,783	-	109,783
More than 90 days	208,692	-	208,692
	<u>3,744,692</u>	-	<u>3,744,692</u>
<b>Credit impaired</b>			
Individually impaired	225,110	(225,110)	-
	<u>3,969,802</u>	<u>(225,110)</u>	<u>3,744,692</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****35. FINANCIAL RISK MANAGEMENT (CONT'D)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

**(a) Credit risk (cont'd)**

Following are the areas where the Group is exposed to credit risk (cont'd):-

**(i) Trade receivables (cont'd)**

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix (cont'd):-

	<u>Gross</u> RM	<u>Loss</u> <u>allowances</u> RM	<u>Net</u> RM
<b>2022</b>			
Not past due	2,245,000	-	2,245,000
Past due:-			
1 - 30 days	263,457	-	263,457
31- 60 days	260,994	-	260,994
60 - 90 days	845,256	-	845,256
More than 90 days	<u>819,144</u>	<u>-</u>	<u>819,144</u>
	4,433,851	-	4,433,851
<b>Credit impaired</b>			
Individually impaired	<u>33,110</u>	<u>(33,110)</u>	<u>-</u>
	<u>4,466,961</u>	<u>(33,110)</u>	<u>4,433,851</u>

**(ii) Other receivable**

The maximum exposure to credit risk is represented by their carrying amounts in the consolidated statements of financial position.

The Group provides unsecured advances to a Director.

As at the end of 2019 and 2020, there was no indication that the advances to a Director is not recoverable. In the year 2021, the amount due from a Director has been fully settled.

**(iii) Fixed deposits placed with licensed banks and cash and bank and short term investment**

The credit risk for fixed deposits placed with licensed banks and cash and bank and short term investment are considered negligible, since the counterparties are reputable banks and licensed financial services with high quality external credit ratings.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due.

**13. ACCOUNTANTS' REPORT (CONT'D)**

**35. FINANCIAL RISK MANAGEMENT (CONT'D)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) **Liquidity risk (cont'd)**

In managing their exposures to liquidity risk, the Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities as and when they fall due.

The summary of the maturity profile based on the contractual undiscounted repayment obligations are set out as follows:-

	Carrying amount RM	Contractual cash flow RM	On demand/ less than a year RM	1-2 years RM	2-5 years RM	More than 5 years RM
<b>2019</b>						
<u>Unsecured:</u>						
Other payables and accruals	115,352	115,352	115,352	-	-	-
<b>2020</b>						
<u>Unsecured:</u>						
Other payables and accruals	327,622	327,622	327,622	-	-	-
<b>2021</b>						
<u>Unsecured:</u>						
Other payables and accruals	243,799	243,799	243,799	-	-	-
<b>2022</b>						
<u>Unsecured:</u>						
Other payables and accruals	1,045,704	1,045,704	1,045,704	-	-	-
Lease liabilities	805,172	921,799	192,702	183,097	468,000	78,000
	1,850,876	1,967,503	1,238,406	183,097	468,000	78,000

**13. ACCOUNTANTS' REPORT (CONT'D)**

**35. FINANCIAL RISK MANAGEMENT (CONT'D)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

**(c) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency on transactions and balances that are denominated in currencies other than the financial currency. The currency giving rise to this is primarily Singapore Dollar ("SGD") and United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting year was:-

	<u>SGD</u> RM	<u>USD</u> RM
<b>2019</b>		
Trade receivables	-	-
<b>2020</b>		
Trade receivables	-	216,055
<b>2021</b>		
Trade receivables	93,073	457,316
<b>2022</b>		
Trade receivables	86,818	498,060

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit/equity for the financial year to a reasonably possible change in the SGD and USD exchange rates against the functional currency of the Group, with all other variables held constant.

	<u>Profit for the</u> <u>financial year</u> RM	<u>Equity</u> RM
<b>2020</b>		
USD/RM		
- Strengthened 0.46%	994	994
- Weakened (0.46%)	(994)	(994)
<b>2021</b>		
SGD/RM		
- Strengthened 0.16%	149	149
- Weakened (0.16%)	(149)	(149)
USD/RM		
- Strengthened 0.32%	1,463	1,463
- Weakened (0.32%)	(1,463)	(1,463)



**13. ACCOUNTANTS' REPORT (CONT'D)****35. FINANCIAL RISK MANAGEMENT (CONT'D)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

**(c) Foreign currency risk (cont'd)**Foreign currency sensitivity analysis (cont'd)

The following table demonstrates the sensitivity of the Group's profit/equity for the financial year to a reasonably possible change in the SGD and USD exchange rates against the functional currency of the Group, with all other variables held constant (cont'd).

	<u>Profit for the financial year</u> RM	<u>Equity</u> RM
<b>2022</b>		
SGD/RM		
- Strengthened 0.06%	52	52
- Weakened (0.06%)	<u>(52)</u>	<u>(52)</u>
USD/RM		
- Strengthened 0.13%	647	647
- Weakened (0.13%)	<u>(647)</u>	<u>(647)</u>

The Group does not have any transactions or balances denominated in foreign currencies in financial year 2019 and accordingly, the foreign currency sensitivity analysis is not presented.

**36. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise the shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders and return capital to shareholders.

There were no changes in the Group's approach to capital management during the financial years ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022.

**13. ACCOUNTANTS' REPORT (CONT'D)****37. FAIR VALUE OF FINANCIAL INSTRUMENT**

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

As the Group does not have any financial instruments not carried at fair value, the following table sets out only the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:-

	Fair value of financial instruments carried at fair value <u>Level 2</u> RM	Fair value of financial instruments carried at fair value <u>Level 3</u> RM	Total <u>fair value</u> RM	Carrying <u>amount</u> RM
<b>2019</b>				
Other investments	-	107,991	107,991	107,991
<b>2020</b>				
Other investments	-	107,991	107,991	107,991
<b>2021</b>				
Other investments	-	107,991	107,991	107,991
<b>2022</b>				
Other investments	-	174,659	174,659	174,659
Cash and bank and short term investments:-				
Short term investment	979,332	-	979,332	979,332
	<u>979,332</u>	<u>174,659</u>	<u>1,153,991</u>	<u>1,153,991</u>

**Fair value of financial instruments carried at fair value**

- (a) The Level 2 fair value of short term investment is determined by reference to the statement provided by the licensed services provider, with which the investments were entered into.
- (b) The Level 3 fair value of other investments have been determined using discounted cash flow income approach based on pre-tax cash flow projections performed by management based on the significant unobservable inputs as disclosed in Note 9 to the financial statements of the Group.
- (c) There were no transfers between Level 2 and Level 3 during the financial years under review.

**13. ACCOUNTANTS' REPORT (CONT'D)****38. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES**

	<u>1 April</u> RM	<u>Others</u> RM	<u>Cash flows</u> RM	<u>31 March</u> RM
<b>2022</b>				
Lease liabilities	-	861,111*	(55,939)	805,172

\* Being addition of lease liabilities.

**39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS UNDER REVIEW****(i) COVID-19**

The World Health Organisation declared the 2019 Novel Coronavirus infection (“COVID-19”) a pandemic on 11 March 2020. The Malaysian Government imposed the Movement Control (“MCO”) on 18 March 2020 and has subsequently entered into various phases of the MCO.

The Group has been granted approval from the Ministry of International Trade and Industry to continue its operations and with proper Standard Operating Procedures put in place.

The Group has performed assessments on the overall impact of the situation on the Group’s operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 March 2022.

Given the fluidity of the situation, the Group will continuously monitor the impact of the COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group’s operations.

**(ii) Investment in a joint venture**

On 15 March 2021, the Company has entered into a joint venture agreement with a third party, LKC Advance Technology Sdn. Bhd. (“LKC”) and through its subsidiary, ACSB to set up a joint venture company, WGT to provide services in relation to technical design, development, testing, server hosting and maintenance support for WorkGrowth HRMS solution at a development cost of RM500,000 which has been settled via the issuance of ordinary shares in WGT and in cash and maintenance costs calculated based on the number of users at the rates prescribed in the joint venture agreement. As at the date of this report, the development of the WorkGrowth HRMS solution has completed and the ordinary shares in WGT has been issued and allotted to ACSB and LKC.

As at the date of this report, the paid-up capital of WGT is RM600,000 comprising 600,000 ordinary shares of WGT. The equity interest in WGT by the Group and LKC is 35% and 65% respectively.

**13. ACCOUNTANTS' REPORT (CONT'D)**

**39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS UNDER REVIEW (CONT'D)**

(iii) Disposal of investment in an associate

On 6 September 2021, the Group through its subsidiary, Agmo Studio Sdn. Bhd. ("ASSB") disposed of its entire equity interest of 2,692,307 ordinary shares in the associate, Appstremely Sdn. Bhd., representing 35% of the total issued and paid up share capital at a total sale consideration of RM200,000 in cash.

Subsequent to the disposal, Appstremely Sdn. Bhd. ceased to be an associate of the Group.

(iv) Investment in Advisonomics Sdn. Bhd.

On 30 August 2021, the Group through its subsidiaries, ASSB and ACSB have entered into a share transfer agreement with R. Raevendran A/L S. Ramachandran ("Transferor"), Asgari Bin Mohd Fuad Stephens and Advisonomics Sdn Bhd ("Advisonomics") to regulate the relationship between the parties as shareholders of Advisonomics and certain aspects of the affairs and their dealings with Advisonomics.

Pursuant to the share transfer agreement, ASSB shall assign one or more of its personnels from time-to-time to serve as Advisonomics' technology advisor(s) for 3 consecutive years commencing from 30 August 2021, at a consideration of RM200,000.

As a settlement of consideration for services rendered by ASSB, Transferor has agreed to transfer to ACSB, 1,089 ordinary shares in Advisonomics equally in 3 tranches as follows:-

<u>Tranches</u>	<u>Description</u>
First tranche	upon signing of the term sheet in relation to the engagement with ASSB;
Second tranche	upon completion of the first year of the tenure; and
Third tranche	upon completion of the second year of the tenure.

Pursuant to the above, ACSB's shareholdings in Advisonomics will increase proportionately each year for 3 years up to 0.947%.

The principal activity of Advisonomics is provision of financial consultancy services. As at the date of this report, the paid-up capital of Advisonomics is RM115,274 comprising 115,274 ordinary shares. The equity interest of ACSB in Advisonomics is 0.3% with which comprising 363 ordinary shares.

In view of ACSB's minor shareholding and non-significant influence in Advisonomics, Advisonomics is accounted for as an investee company of the Group.

(v) Appointment as project manager for Proposed Cross Border Supernode ("Project")

On 21 September 2021, the Company has entered into a shareholders' agreement with Mydigitalcoin Sdn Bhd ("Mydigitalcoin"), Bubi Technologies Co. Ltd and Star Jewel Capital Inc in respect of Zetrix Sdn. Bhd. (formerly known as MYBB Techchain Sdn Bhd) ("Zetrix") ("Shareholders' Agreement") to regulate the relationship inter se of shareholders and other parties who will become shareholders of Zetrix. Zetrix has been set up as a joint collaboration between the Company, Mydigitalcoin, Bubi Technologies Co. Ltd and Star Jewel Capital Inc (collectively, the "Parties") which is intended to be principally involved in blockchain business development in and outside of Malaysia.

**13. ACCOUNTANTS' REPORT (CONT'D)****39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS UNDER REVIEW (CONT'D)****(v) Appointment as project manager for Proposed Cross Border Supernode ("Project") (cont'd)**

Pursuant to a letter of award dated 21 September 2021 issued by Zetrix to the Company, in consideration of the obligation by the Company above, Mydigitalcoin shall pay the Company a retainer fee of RM5,000 per month from 1 October 2021 for 42 months ("Contract Period") payable at the end of the Contract Period. Subject to mutual agreement, the accumulated fees will be converted to 5% of Zetrix's fully diluted shareholding at the end of the Contract Period, payable by Mydigitalcoin. Thus, when the conversion right is exercised, Mydigitalcoin shall transfer 5% of its shareholding in Zetrix to the Company or its nominated recipient, after the Contract Period.

Subsequent to the Contract Period, the cumulative retainer fee of RM210,000 would be treated as other investment after it has been converted to 5% of Zetrix's shareholding upon mutual agreement by the Company and Mydigitalcoin.

**(vi) Change in effective equity interest in a subsidiary**

On 28 October 2021, the Company has subscribed an additional 699 ordinary shares in its subsidiary, ASHSB at an issue price of RM1.00 per ordinary share for a total cash consideration of RM699. On even date, two third parties, namely Tang Tung Ai and Fong Huang Yee, have subscribed a total of 300 ordinary shares in ASHSB at an issue price of RM1.00 per ordinary share for a total cash consideration of RM300. Pursuant thereto, ASHSB became a partially-owned subsidiary of the Company with change in effective equity interest from 100% to 70%.

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**AGMO HOLDINGS BERHAD**

(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

We, the undersigned, being the Directors of Agmo Holdings Berhad, do hereby state that, in our opinion, the consolidated financial statements set out on pages 4 to 69 are drawn up so as to give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 and of their financial performance and cash flows for each of the financial years ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and Chapter 10 Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated [●].

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TAN AIK KEONG

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LOW KANG WEN

Kuala Lumpur