RADIANT RAINBOW
SDN. BHD.

Illustrative Directors' Report and Financial Statements compliant with Malaysian Private Entities Reporting Standard

2023

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ABOUT
THIS PUBLICATION

This set of Illustrative Directors' Report and Financial Statements compliant with Malaysian Private Entities Reporting Standard ("Publication") is intended to guide the preparation of the financial statements and its disclosures in line with the requirement of Malaysian Private Entities Reporting Standard (MPERS) and Companies Act 2016 ("Act").

This Publication uses a fictional company Radiant Rainbow Sdn. Bhd, incorporated and domiciled in Malaysia for the financial year ended 31 December 2023. Radiant Rainbow Sdn. Bhd and its group of companies are principally engaged in manufacturing and trading activities.

In the Publication, the illustrations are cross referenced to the relevant sections of MPERS or provisions of the Act for convenience of the users. In order to provide a more holistic publication, disclosures are included in the commentary box that cater to different scenarios and simplified disclosures. This will allow the users to apply the relevant disclosures based on the prevalent scenarios of the companies.

BEYOND FINANCIAL

FOREWORD

"Journey of a thousand miles begins from the first step – Lao Tzu"

We are pleased to launch our inaugural Publication titled "Illustrative Directors' Report and Financial Statements compliant with Malaysian Private Entities Reporting Standard".

The concept of developing this publication came when we felt it was necessary to standardise the format and disclosure in our audited financial statements. While there are many resources available in the industry, this Publication has been customised to suit our clientele which mainly includes small and medium-sized enterprises.

The variations in disclosures which we have included in the Publication have been presented after various brainstorming sessions to ensure the Publication meets the needs of companies in the current challenging business environment. We hope this Publication will help streamline our clients' compliance process while providing our staff with the resources they need to enhance their knowledge.

N. Krishnan

Managing Partner

DISCLAIMER

The Publication refers to Malaysian Private Entities Reporting Standard (MPERS) which was issued by Malaysian Accounting Standards Board effective 1 January 2016.

The Publication does not illustrate all of the requirements of the MPERS or the Act and should not be regarded as a substitute for referring to the accounting standard and its interpretation. The Publication is for the circulation to the staff, clients and associates of NK Associates only and is not intended for public circulation.

The information in this Publication is for general guidance and is not a substitute for professional advice. This publication shall under no circumstances be associated, in whole or in part, with an opinion or professional advice of NK Associates. If professional advice is required, the services of a competent professional should be sought. NK Associates and its employees accept no responsibility for any errors this Publication might contain, whether caused by negligence or otherwise, or for any actions taken or not taken on the basis of the information in this Publication.

The names of people and entities included in this Publication are fictional. Any resemblance to any person or entity is purely coincidental.

BEYOND FINANCIAL

Radiant Rainbow Sdn. Bhd. 199325468790 (123456-X)

(Incorporated in Malaysia)

Reports and Financial Statements

31 December 2023

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Reference

Directors' Report

for the year ended 31 December 2023

The Directors/Director[2] submit their/his/her[2] report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2023. *MPERS 3.10*

No.	Commentary
1.	**Change of Financial Year End** The Group and the Company changed its accounting period end from 30 September to 31 December. Therefore, the financial period covered in these financial statements is for a period of 14 months from 1 October 2022 to 31 December 2023. Thereafter, the financial year of the Group and the Company shall revert to twelve (12) months ending 31 December, for each subsequent year. The comparatives are for the financial year from 1 October 2021 to 30 September 2022.
2	In the case where the Company has sole director, all the following references to the Director are to be stated in singular manner.

Principal Activities *CA16-S253(1)(b)*

The Company is principally engaged in the business of manufacturing and trading of security seals.[3]

The information on the name, place of incorporation, principal activities and percentage of issued and paid-up share capital held by the holding company in each subsidiary is as disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year under review. *CA16 - 5TH Sch 1(1)(a)*

Principal Activities (Cont'd)

No.	Commentary
3.	**Disclosure for Dormant/ Inactive Company** The Company is principally engaged in the business of manufacturing and trading of security seals. However, the Company has remained dormant/ inactive during the financial year. **Disclosure for Company that did not commenced operations** The Company is principally engaged in the business of manufacturing and trading of security seals. However, the Company has not commenced any operation since its incorporation. **Disclosure for Company that ceased operation** The Company has ceased its operations during the financial year / since the financial period ended 2018. **Disclosure for Company that newly incorporated** The Company is principally engaged in the business of manufacturing and trading of security seals. The Company has been newly incorporated on 19 January 2023.

Results

CA16-
5th Sch 1 (1)(f)

	Group RM	Company RM
Loss for the financial year	(1,159,137)	(161,634)
Attributable to:		
Owners of the Company	(1,159,137)	(161,634)
Non-controlling interests	-	-
	(1,159,137)	(161,634)

Dividends[4]

No dividend has been paid or declared since the previous financial year end. The directors do not recommend that a dividend to be paid in respect of the current financial year/period.

CA16—
S127(8)(b)

Dividends[4]

No.	Commentary	
4.	*Disclosure for dividends paid/payable during the financial year*	
	The amount of dividends paid/payable or declared by the Group and the Company since previous financial year were as follows:	
		RM
	Dividend Paid In respect of the financial year ended 31 December 2023:	
	i) Single Tier final dividend of RM1.73 per ordinary share declared on 1 October 2022 and paid on 15 November 2022.	1,781,903
	Dividend Payable In respect of the financial year ended 31 December 2023:	
	i) Single Tier final dividend of RM1.16 per ordinary share declared on 30 September 2023 with payment date to be determined later	1,194,802
		2,976,705

Reserves and Provisions

CA16- 5th Sch 1 (1)(b)

There were no material transfers to or from reserves or provisions except as disclosed in the financial statements.

Issue of Shares and Debentures[5]

CA16- 5th Sch 1(1)(c)

The Group and the Company did not issue any new shares or debentures during the financial year under review.

No.	Commentary
5.	*Disclosure for issuance of new shares*: During the financial year, the ordinary share capital of the Company was increased from 1,030,002 units to 1,130,002 units by way of the issuance of new ordinary shares of 14,406,000 at an issue price of RM1.00 per share on 5 January 2023. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company. The proceeds from the issuance may be utilised to fund the working capital. There were no debentures issued during the financial year.

Employee Share Option Scheme ("ESOS")[6]

CA16-
5th Sch 1 (1)(5) –(6)

On 27 December 2020, the Company has implemented a Share Issuance Scheme of up to 30% of the total number of issued shares of the Company, excluding treasury shares, at any period of time, comprising a Share Option Scheme and a Share Grant Scheme.

The salient features and other terms of the ESOS are disclosed in Note 30 to the financial statements.

The number of shares granted under the ESOS and the number of shares outstanding at the end of the financial period are as follows:

	Units
As at 1 January 2023	xxx
Granted	xxx
Vested	(xxx)
As at 31 December 2023	xxx

No.	**Commentary**
6.	*Disclosure when there are no options during the financial year* **Options Granted Over Unissued Shares** No options were granted to any person to take up unissued shares of the Group and the Company during the financial year.

CA16-
5TH Sch 1 (1)(d)

Directors

CA16-
S253(1)(a)

The directors who have held office during the financial year and up to the date of this report are as follows:

Director 1	
Director 2	
Director 3	
Director 4	(Appointed on 30 May 2023)
Director 5	(Resigned on 5 March 2023)

Directors' Benefits[7]

CA16-
5th Sch 1(1)(d)

During and at the end of the current financial year, no arrangements subsisted to which the Group and the Company is a party, with the object or objects of enabling Directors of the Group and the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Group and the Company or any other body corporate.

Since the end of previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Group and the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

CA16-
5TH Sch 1(2)-(3)

No.	Commentary
7.	*Disclosure for Directors' Benefits when there is Directors' Remuneration*: Since the end of previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Group and the Company as shown in notes to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Directors' Interests[8]

According to the register of Directors' shareholding, the interests of directors in office at the end of the year in the ordinary shares of the Company are as follows:

CA16-
5TH Sch 1 (1)(e)

	Number of ordinary shares			
Shareholdings in the name of directors	Balance at 01.01.2023	Acquired	Sold	Balance at 31.12.2023
Direct interest				
Director 1	XXX,XXX	-	-	XXX,XXX
Director 2	XX,XXX	-	-	XX,XXX
Indirect interest				
Director 1**	XXX,XXX	-	-	XXX,XXX

No.	Commentary
8.1	The above table shall be applicable for Single entity or Holding Company.

Directors' Interests [8] (Cont'd)

	Number of ordinary shares			
Shareholding in Holding Company	Balance at 01.01.2023	Acquired	Sold	Balance at 31.12.2023
Direct interest				
Director 1	xxx,xxx	-	-	xxx,xxx
Director 2	xx,xxx	-	-	xx,xxx
Indirect interest				
Director 1**	xxx,xxx	-	-	xxx,xxx

**Deemed interest by virtue of the shareholdings of his spouse, *name*.

No.	Commentary
8.2	The above table shall be applicable for subsidiary companies which 100% owned by Holding Company.

No.	**Commentary:** *Applicable for Subsidiary Companies*
8.3	***In Holding or Subsidiary Company: Disclosure when None of the directors hold shares at all in the Company and the Holding Company*** None of the directors in office at the end of the financial year had any interest in the ordinary shares in the Company (and its related corporations) during the financial year.
8.4	***In Subsidiary Company: Additional disclosure when Directors held shares in the Holding Company*** By virtue of their substantial interests in the Company, they are also deemed interests in the shares of the subsidiaries, to the extent that the Company has interest.
8.5	***In Holding Company: Additional disclosure when Directors held shares in the Holding Company*** By virtue of their substantial interests in the Company, they are also deemed interests in the shares of the subsidiaries, to the extent that the Company has interest. Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

Directors' Remunerations[9]

The details of the Directors' remuneration are disclosed in Note 26.1 to the financial statements.

CA16- 5th Sch 2(a)-(c)

No.	Commentary
9.	None of the directors or past directors of the Group and the Company have received any remunerations from the Group and the Company during the year.

Indemnity and Insurance Costs

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Company.

CA16- 5th Sch 2(d)

Other Statutory Information

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and the adequate allowances had been made for doubtful debts; and

CA16- 5TH Sch1 (1)(g)

(b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

CA16- 5TH Sch 1 (1)(i)

As of the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statement of the Group and the Company; or

CA16- 5TH Sch 1 (1)(h)

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

CA16- 5TH Sch 1 (1)(j)(i)

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or

CA16- 5TH Sch 1(1)(j)(ii)

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

CA16- 5TH Sch 1 (1)(m)

As of the date of this report, there does not exist:

(a) any charge on the assets of the Group and the Company which has arisen since the end of the year and secures the liability of any other person; or

CA16- 5TH Sch 1(1)(k)(i)

(b) any contingent liability of the Group and the Company which has arisen since the end of the year.

CA16- 5TH Sch 1(1)(k)(ii)

Other Statutory Information (Cont'd)

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and the Company to meet its obligations as and when they fall due. *CA16- 5th Sch 1 (1)(l)*

Note	Commentary: ***Where the Company has material uncertainty on going concern***
10.	Other than as disclosed in Note 2.4 to the financial statements, no contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and the Company to meet its obligations as and when they fall due.

In the opinion of the Directors:

(a) the results of the operations of the Group and the Company during the year were not substantially affected by any item, transaction or event of material and unusual nature. *CA16- 5TH Sch 1(1)(o)*

(b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of operations of the Group and the Company for the year in which this report is made.

Significant Events Subsequent to / During the Financial Year *MPERS 32.10*

Significant events subsequent to / during the financial year is disclosed in Note 31 to the financial statements.

Holding Company

The Company is a subsidiary of Parent Holdings Sdn Bhd a company incorporated in Malaysia, which is also regarded by the directors as holding company. The directors regard Ultimate Holding Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company. *CA16- 5TH Sch 1(4)*

Auditors' Remuneration

The details of the auditors' remuneration are disclosed in Note 26 to the financial statements. CA16- 5th Sch 1(10)

Auditors

The auditors, Messrs. NK Associates, have expressed their willingness to continue in office.

CA16-S252(2)(a)-(b)

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.[11]

No.	Commentary
11.	*For single Director, the disclosure shall be:* Signed by the Sole Director in accordance with a resolution of the Director.

Director 1
(Director)

Director 2
(Director)

Puchong, Selangor.

Dated

Statement By Directors

Pursuant to Section 251(2) of the Companies Act, 2016

CA16-S251(2)

We/I, **DIRECTOR 1** and **DIRECTOR 2**, being two of the directors/being the sole Director of **Radiant Rainbow Sdn. Bhd.** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at **31 December 2023** and of the financial performance and the cash flows of the Group and the Company for the financial period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.[12]

DIRECTOR 1	**DIRECTOR 2**
(Director)	(Director)

Puchong, Selangor.
Dated:

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

CA16-S251(1)

I, **DIRECTOR 1**, being the (sole)[2]/Director primarily responsible for the financial management of **Radiant Rainbow Sdn. Bhd.**, do solemnly and sincerely declare that the financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

DIRECTOR 1
(Director)

Subscribed and solemnly declared by the above named at Puchong in the state of Selangor Darul Ehsan on

Before me,

Commissioner For Oaths

Independent Auditors' Report

to the members of Radiant Rainbow Sdn. Bhd.

(Registration No. 199325468790 (123456-X))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion[13]

ISA700.23-.27

We have audited the financial statements of **Radiant Rainbow Sdn. Bhd.**, which comprise the statement of financial position as at **31 December 2023** of the Group and of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 72.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at **31 December 2023**, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

No.	Commentary
12.	Please refer to Audit and Assurance Practice Guide (AAPG) 2 for the illustrative Independent Auditors' Report when there arises a need for modification to the Audit Opinion.

ISA 700.28

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Independent Auditors' Report

to the members of Radiant Rainbow Sdn. Bhd.

(Registration No : 199325468790 (123456-X)) (Cont'd)
(Incorporated in Malaysia)

No.	Commentary: *Material Uncertainty Related to Going Concern*
13.	We draw attention to Note 2.4 in the financial statements, which indicates that the Company incurred a net loss of RM161,634 during the year ended 31 December 2023 and, as of that date, the Company's current liabilities exceeded its current assets by RM2,836,677. As stated in Note 2.4, these events or conditions, along with other matters as set forth in Note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

ISA 700.29

Information other than the Financial Statements and Auditors' Report Thereon

ISA 700.32

The Directors of the Group and the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

ISA700.34–36

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

Independent Auditors' Report

to the members of Radiant Rainbow Sdn. Bhd.

(Registration No : 199325468790 (123456-X)) (Cont'd)
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements (Cont'd)

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

Auditors' Responsibilities for the Audit of the Financial Statements

ISA 700.37-40

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report

to the members of Radiant Rainbow Sdn. Bhd.
(Registration No : 199325468790 (123456-X)) (Cont'd)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

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

We communicate with the 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.

Independent Auditors' Report

to the members of Radiant Rainbow Sdn. Bhd.
Registration No : 199325468790 (123456-X)) (Cont'd)
(Incorporated in Malaysia)

Other Matters[14]

ISA 700.43-45

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

No.	Commentary
14.	**When there is a change of auditors:** The financial statements of the Group and the Company as at 31 December 2022, were audited by another firm of auditors whose report dated 28 April 2023, expressed an unmodified opinion on those statements.

ISA 706

NK ASSOCIATES
Firm No: AF 1313
Chartered Accountants

AUDITOR 1
Approval No: XXXXX/XX/XXXX
Chartered Accountant

ISA 700.46

Puchong, Selangor.
Dated:

ISA 700.48
ISA 700.49

Statement of Financial Position
as at 31 December 2023

		Group		Company	
	NOTE	**2023 RM**	**2022 RM**	**2023 RM**	**2022 RM**
Non-Current Assets					
Property, plant and equipment	5	11,984,497	10,068,490	3,482,484	3,552,841
Investment properties	6	865,000	580,000	865,000	580,000
Investment in subsidiary companies	7	-	-	2,800,000	1,200,000
Investment in associates	8	141,012	138,546	-	-
Intangible assets	9	1,142,537	841,400	-	-
Other investments	10	1,000,000	963,282	882,000	882,000
Other receivables	13	50,484	80,443	2,800	2,100
		15,183,530	12,672,161	8,032,284	6,216,941
Current Assets					
Inventories	11	1,768,444	422,506	1,633,524	259,024
Trade receivables	12	5,870,978	6,440,382	1,879,333	2,928,241
Other receivables, deposits and prepayments	13	684,977	324,016	291,200	341,800
Current tax assets		-	61,522	-	61,522
Fixed deposits	14	72,000	70,000	72,000	70,000
Cash and cash equivalents	15	771,091	1,036,276	658,052	925,629
		9,167,490	8,354,702	4,534,109	4,586,216
Total Assets		24,351,020	21,026,863	12,566,393	10,803,157

The annexed notes form an integral part of these financial statements

Statement of Financial Position
as at 31 December 2023

	NOTE	Group 2023	Group 2022	Company 2023	Company 2022
		RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity					
Share capital	16	1,030,002	1,030,002	1,030,002	1,030,002
Reserves	17	8,245,340	7,098,987	(2,380,752)	(2,219,118)
Total Equity		9,275,342	8,128,989	(1,350,750)	(1,189,116)
Non-Current Liabilities					
Loan and borrowings	18	4,926,005	5,877,370	4,926,005	5,877,370
Finance lease	19	439,658	425,140	347,159	425,140
Deferred tax liabilities	20	382,511	357,082	248,217	233,839
Other payables	20	75,000	259,000	75,000	391,000
		5,823,174	6,918,582	5,596,381	6,927,349
Current Liabilities					
Trade payables	21	4,596,890	2,692,012	2,620,572	2,045,816
Other payables and accruals	22	474,986	270,974	1,634,700	56,000
Amount due to directors	23	2,784,180	2,666,352	2,784,180	2,666,352
Loan and borrowings	18	1,071,820	234,784	1,071,820	181,596
Finance lease	19	240,746	115,160	144,580	115,160
Current tax liabilities		83,882	-	64,910	-
		9,252,504	5,979,282	8,320,762	5,064,924
Total Liabilities		15,075,678	12,897,874	13,917,143	11,992,273
Total Equity and Liabilities		24,351,020	21,026,863	12,566,393	10,803,157

The annexed notes form an integral part of these financial statements

Statement of Comprehensive Income

for the year ended 31 December 2023

	NOTE	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	24	18,318,207	18,994,864	15,709,968	13,966,122
Cost of sales	25	(11,810,150)	(10,754,772)	(12,366,023)	(10,370,566)
Gross profit		6,508,057	8,240,092	3,343,945	3,595,556
Other operating income		163,845	197,159	154,045	140,897
Other operating expenses		(6,919,818)	(5,535,854)	(3,008,341)	(3,179,691)
(Loss)/Profit from operations		(247,916)	2,901,397	489,649	556,762
Finance costs		(364,529)	(233,990)	(210,159)	(215,952)
(Loss)/Profit Before Tax	26	(612,445)	2,667,407	279,490	340,810
Income tax expense	27	(546,692)	(821,314)	(117,856)	(546,692)
(Loss)/Profit After Tax		(1,159,137)	1,846,093	(161,634)	(205,882)
Other comprehensive income/(expense)					
Gain/(Loss) on revaluation of properties	17	2,305,490	(23,000)	-	-
Total Comprehensive Income/(Expense) for the Financial Year		1,146,353	1,823,093	(161,634)	(205,882)
(Loss)/Profit After Tax Attributable to:					
Owners of the Company		(1,159,137)	1,846,093	(161,634)	(205,882)
Non-controlling interest		-	-	-	-
		(1,159,137)	1,846,093	(161,634)	(205,882)
Total Comprehensive Income/ (Expense) Attributable to:					
Owners of the Company		1,146,353	1,823,093	(161,634)	(205,882)
Non-controlling interest		-	-	-	-
		1,146,353	1,823,093	(161,634)	(205,882)

The annexed notes form an integral part of these financial statements

Statement of Changes in Equity
for the year ended 31 December 2023

Group	Note	Share Capital RM	Revaluation Reserves RM	Retained Earnings RM	Total Equity RM
		Attributable to owners of the Company			
		Non-Distributable		**Distributable**	
As at 01 January 2023		1,030,002	503,000	6,595,987	8,128,989
Loss for the financial year		-	-	(1,159,137)	(1,159,137)
Other comprehensive income	17	-	2,305,490	-	2,305,490
As at 31 December 2023		1,030,002	2,808,490	5,436,850	9,275,342
As at 01 January 2022		580,002	526,000	6,531,797	7,637,799
Issuance of shares		450,000	-	-	450,000
Profit for the financial year		-	-	1,846,093	1,846,093
Dividends paid	29	-	-	(1,781,903)	(1,781,903)
Other comprehensive expense	17	-	(23,000)	-	(23,000)
As at 31 December 2022		1,030,002	503,000	6,595,987	8,128,989

Company	Note	Share Capital RM	Accumulated losses RM	Total Equity RM
As at 01 January 2023		1,030,002	(2,219,118)	(1,189,116)
Total comprehensive expense for the financial year		-	(161,634)	(161,634)
As at 31 December 2023		1,030,002	(2,380,752)	(1,350,750)
As at 01 January 2022		580,002	(231,333)	348,669
Issuance of shares		450,000	-	450,000
Total comprehensive expense for the financial year		-	(205,882)	(205,882)
Dividends paid	29	-	(1,781,903)	(1,781,903)
As at 31 December 2022		1,030,002	(2,219,118)	(1,189,116)

The annexed notes form an integral part of these financial statements

Statement of Cash Flows
for the year ended 31 December 2023

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	(612,445)	2,667,407	279,490	752,574
Adjustments for:				
Depreciation of property, plant and equipment	1,194,878	1,188,243	793,923	1,104,436
Depreciation of intangible assets	175,200	170,000	-	-
Fair value (gain)/loss on investment properties	5,000	(10,000)	(5,000)	(10,000)
Reversal of impairment loss on trade receivables	(46,779)	-	-	-
Impairment loss on other receivables	15,600	-	-	-
Impairment loss on inventories	-	50,045	-	50,045
Finance costs	364,529	233,990	210,159	215,952
Operating profit before changes in working capital	1,095,983	4,299,685	1,278,572	2,113,007
Changes in inventories	(1,345,938)	(72,655)	(1,374,500)	(64,552)
Changes in receivables	269,581	(2,837,732)	1,103,740	(90,153)
Changes in payables	1,924,890	-	1,837,456	114,660
Cash generated from operations	1,944,516	1,389,298	2,845,268	2,072,962
Interest paid	(364,529)	(233,990)	(210,159)	(215,952)
Tax refund/(paid)	779,446	(179,818)	(305,246)	(46,073)
Net cash generated from operating activities	2,359,433	975,490	2,329,863	1,810,937
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(618,749)	(102,847)	(618,749)	(82,739)
Purchase of investment properties	(280,000)	-	(280,000)	-
Movement in other investments	(36,718)	-	-	-
Acquisition of subsidiary	(1,725,937)	-	(1,600,000)	-
Dividend paid	-	(1,781,903)	-	(1,781,903)
Placement of fixed deposits	(2,000)	(7,000)	(2,000)	(2,000)
Net cash used in investing activities	(2,663,404)	(1,891,750)	(2,500,749)	(1,866,642)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	-	450,000	-	450,000
Repayment of loan and borrowings	(25,854)	(806,732)	(214,519)	(859,920)
Advance received from directors	117,828	2,018,377	117,828	2,018,377
Net cash generated from /(used in) financing activities	91,974	1,661,645	(96,691)	1,608,457

The annexed notes form an integral part of these financial statements

Statement of Cash Flows
for the year ended 31 December 2023

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(211,997)	745,385	(267,577)	1,552,752
OPENING CASH/CASH EQUIVALENTS	1,033,088	287,703	975,629	(577,123)
CLOSING CASH/CASH EQUIVALENTS	821,091	1,033,088	708,052	975,629
CASH/CASH EQUIVALENTS COMPRISES OF:-				
Fixed deposits	50,000	50,000	50,000	50,000
Cash and bank equivalents	771,091	1,036,276	658,052	925,629
Bank overdraft	-	(53,188)	-	-
	821,091	1,033,088	708,052	975,629

The annexed notes form an integral part of these financial statements

Radiant Rainbow Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the Financial Statements

31 December 2023

1. **General Information** *MPERS 3.17*

The Company is a private limited company incorporated and domiciled in Malaysia.

The registered office of the Company is located at <to include address of the registered office>

The principal place of business of the Company is located at <to include address of the company>

No.	Commentary: Additional Note for Consolidated Financial Statements
15.	The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2023 also include jointly controlled operations.

The Company is principally engaged in the business of manufacturing and trading of security seals.

The information on the name, place of incorporation, principal activities and percentage of issues and paid-up share capital held by the holding company in each subsidiaries are as disclosed in Note 7 to financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on

2. **Basis of Preparation of Financial Statements** *MPERS-8.4(a) 3.3*

2.1 **Statement of Compliance**

The financial statements have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act 2016 in Malaysia.

The principal accounting policies adopted are set out below:

2. **Basis of Preparation of Financial Statements (Cont'd)**

2.2 **Basis of Measurement**

MPERS 8.5

The financial statements have been prepared on the historical cost basis, unless otherwise stated in the significant accounting policies set out in note 3.

2.3 **Functional and presentation currency**

MPERS 3.23
MPERS 30.26

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

2.4 **Fundamental Accounting Principle[16]**

MPERS 3.8 – 3.9

The financial statements of the Group have been prepared on the assumption that the Group will continue as a going concern. The application of the going concern basis is based on the assumption that the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

During the financial year, the Company has a net loss of RM161,634 (2022: RM205,882) and as at that date, the accumulated losses of the Company were RM2,380,752 (2022: RM2,219,118). Further, the Company also had net current liabilities of RM2,836,677 (2022: RM226,200). The Company's financial statements have been prepared on a going concern basis. The ability of the Company to continue as a going concern basis is dependent on the financial support from shareholders/ holding company/ Directors and successful turnaround of its existing business to fulfil their obligation as and when they fall due.

No.	Commentary
16.1	Disclosures are required when there are significant doubts about going concern but mitigating actions judged sufficient to make going concern appropriate and material uncertainties about going concern remain after considering mitigating actions. The disclosure shall include the mitigation actions which is required to be tailored according to the entities.
16.2	**Other Scenario: Profit making but net current liability position and going concern is dependent on business performance** As at that date, the accumulated losses of the Company were RM2,380,752 (2022:RM2,219,118). Further, the Company also had net current liabilities of RM2,836,677 (2022: RM226,200). The Company's financial statements have been prepared on a going concern basis. The ability of the Company to continue as a going concern basis is dependent on the outcome and implementation of the current business plans to generate sufficient cash in the future to fulfil the obligations as and when they fall due.

3. **Significant Accounting Policies (Cont'd)**

3.1 **Basis of Consolidation**

(a) **Business combinations**

The Group applies the purchase method to account for all business combinations. If the acquisition of an asset or a group of assets does not constitute a business, it is accounted for as an asset acquisition. *MPERS 19.6*

The Group identifies the acquisition date of a business combination as the date on which the Group obtains control of an acquiree. Control is obtained when the group commences to have the power to direct financial and operating policy decisions of the investee so as to obtain benefits from its activities. *MPERS 19.8*

As of the acquisition date, the Group recognises, separately from goodwill, the identifiable assets acquired (including identifiable intangible assets), the liabilities assumed (including contingent liabilities) and any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values, except for those permitted or required to be measured on other bases by MPERS. Non-controlling interest at the acquisition date is measured at its acquisition date share of net assets, excluding goodwill. *MPERS 19.14*

The cost of a business combination is measured at fair value, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Expenses incurred in connection with a business combination are capitalised in the cost of business combination. *MPERS 19.11*

The cost of a business combination is allocated to the share of net assets acquired to determine the initial amount of goodwill on combination. In a business combination achieved in stages (including acquisition of a former associate or a former joint venture), the cost of each exchange transaction is compared with the share of net assets to determine the goodwill of each exchange transaction on a step-by-step basis. Any increase in equity interest in an investee after the acquisition date is accounted as an equity transaction between the parent and the non-controlling interests and the effect is adjusted directly in equity. *MPERS 19.22* *MPERS 22.19*

(b) **Subsidiary and basis of consolidation**

The Group recognises a subsidiary based on the criterion of control. A subsidiary is an entity (including special purpose entities) over which the Group has the power to govern the financial and operating policy decisions of the investee so as to obtain benefits from its activities. In circumstances when the voting rights are not more than half or when voting rights are not the dominant determinant of control, the Group uses judgements to assess whether it has de facto to control, control by other arrangements (including control of special purpose entities), or by holding substantive potential voting rights.

3. **Significant Accounting Policies (Cont'd)**

3.1 **Basis of Consolidation (Cont'd)**

(b) **Subsidiary and basis of consolidation (Cont'd)**

The financial statements of the parent Company and its subsidiary used in the preparation of the consolidated financial statements are prepared as of the same reporting date of 31 December 2023. *MPERS 9.16*

The consolidated financial statements are prepared using uniform accounting policies for like transactions, other events and conditions in similar circumstances. *MPERS 9.17*

The carrying amount of investment in each subsidiary of a parent in the Group is eliminated against the parent's portion of equity in each subsidiary. The consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition (which is the date the Group assumes control of an investee) or up to effective date of disposal (which is the date the Group ceases to have control of an investee). *MPERS 9.13*

All intra-group balances and transactions are eliminated in full on consolidation. Unrealised profits or losses arising from intra-group transactions are also eliminated in full on consolidation, except when an unrealised loss is an impairment loss. *MPERS 9.15*

When the Group ceases to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that control is lost is recognised in profit or loss in the statements of comprehensive income as a gain or loss on disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary. If the Group retains an equity interest in the former subsidiary, it is accounted for as a financial asset (provided it does not become an associate or a joint venture). The carrying amount of the investment retained at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset. *MPERS 9.19*

Any decrease in equity stake in a subsidiary that does not result in a loss of control is accounted for as an equity transaction and the financial effect is adjusted directly in the consolidated statements of changes in equity.

3. **Significant Accounting Policies (Cont'd)**

3.1 **Basis of Consolidation (Cont'd)**

(c) **Non-Controlling Interests**

Non-controlling interest at the end of the reporting period, are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is 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 owners of the Company. *MPERS 9.20 – 9.21*

Profit or loss and each component of other comprehensive income shall be attributed to the owners of the parent and to the non-controlling interest. Total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance. *MPERS 9.22*

(d) **Investment in associate**

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control or joint control, over the financial and operating policy decisions. *MPERS 14.2*

Investment in associate is stated in the separate financial statements at cost less impairment losses. *MPERS 14.5*

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. *MPERS 14.8*

When the Group's share of losses exceeds its interests in an equity accounted associate, the carrying amount of that interests including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. *MPERS 14.8*

(e) **Investment in joint venture**

Joint ventures are arrangements of which the Gorup has joint control, established by contracts requiring unanimous for strategic financial and operating decisions over an economic activity. *MPERS 15.2 – 15.3*

A joint venture is classified as "jointly controlled entity" when it involves the establishment of a corporation, partnership or other entity in which the Group has an interest. The Group has joint control over the economic activity of the joint venture based on the contractual arrangement between the Group and venturers. The Group accounts for its interest in the jointly controlled entity using the equity method. *MPERS 15.8 – 15.9* *MPERS 15.13*

Investments in jointly controlled entities are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transition costs. *MPERS 9.26 – 9.27*

3. **Significant Accounting Policies (Cont'd)**

3.2 **Property, Plant and Equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. *MPERS 17.15A*

No.	Commentary
17.	When there are revalued assets: Freehold land and buildings and leasehold land and buildings are stated at their revalued amount, being its fair value at the date of revaluation, less subsequent accumulated depreciation and subsequent impairment losses, if any. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in OCI as a revaluation surplus reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised into the extent of any credit balance existing in the revaluation surplus reserve of that asset.

MPERS 17.15B–17.15D

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. *MPERS 17.4*

Except for freehold land and asset under construction, depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows: *MPERS 17.18* *MPERS 17.22*

	Rate
Factory building	5%
Renovation	10%
Plant and equipment	10% – 20%
Motor vehicles	20%
Furniture and fittings	10%
Office equipment and computers	10%
Signage	10%

Freehold land is not depreciated as it has an infinite life.

Depreciation of an asset begins when it is ready for its intended use. *MPERS 17.20*

If there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and adjusted prospectively. *MPERS 17.19*

3. **Significant Accounting Policies (Cont'd)**

3.2 **Property, Plant and Equipment (Cont'd)**

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue. *MPERS 17.27* *MPERS 17.28*

3.3 **Investment Properties**

Investment properties are properties which are owned or held under leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. *MPERS 16.2*

Investment properties are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property includes the cost of materials and direct labour, any other directly attributable to bringing the investment property to a working condition for their intended use. *MPERS 16.5*

Investment properties are subsequently measured at fair value with any change therein recognised in profit or loss for the period in which they arise. *MPERS 16.7*

If a reliable measure of fair value is not available without undue cost or effort for an item of investment property, the item is treated as property, plant and equipment and is measured at cost less any accumulated depreciation and any impairment losses until a reliable measure of fair value becomes available. The carrying amount of the investment property on that date becomes its cost. *MPERS 16.8*

Fair value gain or loss arising from the reclassification from property, plant and equipment to investment property is recognised in profit or loss. *MPERS 16.1*

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Significant Accounting Policies (Cont'd)

3.4 **Intangible Assets**

(i) **Goodwill**

In a business combination accounted for under the purchase method, goodwill, if any, is recognised as an asset at the acquisition date. Goodwill is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. *MPERS 19.22-19.23*

After the initial recognition, goodwill is measured at cost less accumulated amortisation and any accumulated impairment losses. Goodwill is amortised over 10 years on the straight-line basis.

(ii) **Other Intangible Assets**

Acquired intangible assets are recognised initially at cost. Subsequently, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. *MPERS 18.18*

Intangible assets are amortised by allocating the depreciable amounts of assets over their estimated useful lives, using straight-line method. The annual amortisation rate used for the amortisation are as follows: *MPERS 18.21 - 18.22*

Software	20%

3.5 **Impairment of Non-Financial Assets**

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. *MPERS 27.7*

When there is an indication that an asset may be impaired, but it is not possible to estimate the recoverable amount of the individual asset, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. *MPERS 27.8*

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. *MPERS 27.11 MPERS 27.15 MPERS 27.20*

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, to the other non-current assets of the unit pro rata on the basis of the carrying amount of each appropriate asset in the cash-generating unit. Impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case it is treated as a revaluation decrease. *MPERS 27.21*

3. **Significant Accounting Policies (Cont'd)**

3.5 **Impairment of Non-Financial Assets (Cont'd)**

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less to sell, value in use and zero. *MPERS 27.22*

An impairment loss recognised in prior periods for an asset or the appropriate assets of a cash-generating unit is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase. *MPERS 27.30*

3.6 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling cost of completion and the estimated costs necessary to make the sale. *MPERS 13.4*

The cost of inventories is based on the [weighted average/first-in, first-out] method and includes expenditure incurred in acquiring the inventories, production or conversion cost and other cost incurred in bringing them to their existing location and condition. In the case of manufactured finished goods cost includes an appreciate share of production overheads based on normal operating capacity. *MPERS13.5* *MPERS 13.9* *MPERS 13.18*

At each reporting date, the Group and the Company assess whether any inventories are impaired by comparing the carrying amount of each item of inventory or group of similar items with its selling price less costs to complete and sell. If an item of inventory or group of similar items is impaired, the Group and the Company reduce the carrying amount of the inventory or the group of similar items to its selling price less costs to complete and sell. That reduction is an impairment loss and it is recognized immediately in profit or loss. *MPERS 27.2*

3. **Significant Accounting Policies (Cont'd)**

3.7 **Financial Instruments**

(a) Initial recognition and measurement

Financial assets or financial liabilities are recognised in the statement of financial position when the Group and the Company has become a party to the contractual provisions of the financial instruments. *MPERS 11.12*

On the initial recognition, all financial assets and financial liability are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred. *MPERS 11.13*

(b) Subsequent Measurement

For the purpose of subsequent measurement, the Group and the Company classifies financial assets into two categories, namely:

(a) financial assets at fair value through profit or loss
(b) financial assets at amortised cost

After initial recognition, investment in non-puttable ordinary shares, and investments in non-convertible and non-puttable shares are measured at cost less impairment, unless the shares are publicly traded or their fair value can otherwise be measured reliably, in which case the investments are measured at fair value with changes in fair value recognised in profit or loss. *MPERS* 11.14(c)

Investment in debt instrument, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investment in unquoted equity instrument and whose fair value cannot be reliably measured are measured at cost. *MPERS* 11.9

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with impairment of financial assets note included within this significant accounting policies section.

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

(c) **Fair value measurement of financial instruments**

The fair value of a financial asset or financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions. *MPERS* 11.27

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

3. **Significant Accounting Policies (Cont'd)**

3.7 **Financial Instruments (Cont'd)**

(d) **Impairment of Financial Assets**

At the end of each reporting period, the Group and the Company examine whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidence of trigger loss events include: *MPERS 11.21 MPERS 11.22*

(i) significant difficulty of the issuer or obligor;
(ii) a breach of contract, such as default or delinquency in interest or principal payments;
(iii) granting exceptional concession to a customer;
(iv) it is probable that a customer will enter bankruptcy or other financial reorganisation;
(v) the disappearance of an active market for that financial asset because of financial difficulties; or

any observable market data indicating that there may be a measurable decrease in the estimated

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously. *MPERS 11.25(a)*

For unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Group and the Company expect to receive for the asset if it were sold at the reporting date. The Group and the Company may estimate the recoverable amount using an adjusted net asset value approach.

3. **Significant Accounting Policies (Cont'd)**

3.7 **Financial Instruments (Cont'd)**

(e) **Derecognition of Financial Instruments**

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred. *MPERS 11.33*

A financial liability is derecognised when it is legally extinguised, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. *MPERS 11.36* *MPERS 11.38*

(f) **Equity Instruments and distribution**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently. The cost directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity, net of any related income tax benefit.

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Group's and the Company's option, and any dividends are discretionary. Dividends there on are recognised as distributions within equity.

The Group and the Company establishes a distribution policy whereby cash dividends can only be paid out of retained profits. Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Group and the Company approve the proposed final dividend in an annual general meeting of shareholders.

3. Significant Accounting Policies (Cont'd)

3.8 Cash and Cash Equivalents

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts (if any). *MPERS 7.2*

No.	Commentary
18	***The disclosure for inactive entities***: Cash and cash equivalents comprise cash at bank, which is subject to an insignificant risk of changes in value, and are used by the Group and the Company in management of its short term funding requirements.

3.9 Leases

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leases asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. *MPERS 20.4 MPERS 20.9 MPERS 20.12*

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are recognised as expenses in the profit or loss in the period in which they are incurred. *MPERS 20.11*

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both. *MPERS 16.6*

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership as operating leases and, except for property interest held under operating lease, the leased assets are not recognized on the statement of financial position. *MPERS 20.4*

Lease payments under operating leases are recognised as an expense over the lease term on a straight-line basis unless another systematic basis is more representative of the time pattern of the user's benefit. *MPERS 20.15*

Leasehold land which in substance is an operating lease is classified as prepaid lease payments. *MPERS 21.4*

3. **Significant Accounting Policies (Cont'd)**

3.10 **Provisions**

A provision is recognised only when

MPERS 21.7
MPERS 21.11

(i) the entity has an obligation at the reporting date as a result of a past event;
(ii) it is probable that the entity will be required to transfer economic benefits in settlement; and
(iii) the amount of the obligation can be estimated reliably.

A provision is initially measured at the best estimate of the amount required to settle the obligation at the reporting date. When the effect of the time value of money is material, the amount of a provision shall be the present value of the amount expected to be required to settle the obligation. Thereafter, the provision is reviewed at each reporting date and adjust it to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognised is recognised in profit or loss. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

3.11 **Revenue and Other Income** *MPERS 23.30*

(i) **Sales of Goods**

MPERS 23.10

Revenue from sales of security seals is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

(ii) **Rental income**

Rental income recognised on accrual basis.

(iii) **Rendering of Services**

MPERS 23.14

Revenue associated with the rendering of services is recognized by reference to the stage of completion of the transaction at the end of the reporting period, when the outcome of a transaction can be estimated reliably.

(iv) **Interest income**

Interest income is recognised using the effective interest method.

3. **Significant Accounting Policies (Cont'd)**

3.12 **Revenue and Other Income**

(ii) **Dividend income** *MPERS 23.28*

Dividends income is recognized when the shareholder's right to receive payment is established.

No.	Commentary
19	The above provided sub-notes for revenue and other income are only for illustrative purposes and the auditor is required to add or remove those applicable notes in line with the Group's and the Company's principal activities.

3.13 **Employment Benefits**

(i) **Short-Term Employment Benefits**

Short-term employment benefits, such as wages, salaries and other benefits, are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Group and the Company. The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur. *MPERS 28.3* *MPERS 28.4*

The expected cost of accumulating compensated absences are measured at the undiscounted additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of profit-sharing and bonus payments are recognised when the Group and the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Group and the Company has no realistic alternative but to make the payments. *MPERS 28.8*

(ii) **Defined Contribution Plan**

Contributions payable to the defined contribution plan are recognised as a liability and an expense when the employees have rendered services to the Group and the Company. *MPERS 28.15*

3. **Significant Accounting Policies (Cont'd)**

3.14 **Share-Based Payments**

(a) Equity-settled share-based payment

MPERS 26.7

For equity-settled share-based payment transactions, the Group and the Company shall measure the goods or services received, and the corresponding increase in equity, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, by reference to the fair value of the equity instruments granted. To apply this requirement to transactions with employees and others providing similar services, the entity shall measure the fair value of the services received by reference to the fair value of the equity instruments granted, because typically it is not possible to estimate reliably the fair value of the services received.

For transactions with employees (including others providing similar services), the fair value of the equity instruments shall be measured at the grant date. For transactions with parties other than employees, the measurement date is the date when the entity obtains the goods or the counterparty renders service *MPERS 26.8*

(b) Cash-settled share-based payment

MPERS 26.14

The Group and the Company shall measure the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the entity shall remeasure the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period

3.15 **Income Tax**

Tax expense is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised in other comprehensive income. *MPERS 29.2* *MPERS 29.6*

Tax payable on taxable profit for current and past periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Group and the Company has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously. *MPERS 29.29*

3. **Significant Accounting Policies (Cont'd)**

3.16 **Deferred Tax**

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period. *MPERS 29.16 MPERS 29.17A*

Deferred tax liabilities are recognised for all taxable temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all deductible temporary differences that are expected to reduce taxable profit in the future and the carryforward of unused tax losses and unused tax credits. *MPERS 29.8*

Deferred tax liabilities and assets are not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax liabilities are also not recognised for temporary difference associated with the initial recognition of goodwill.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group and the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

3.17 **Borrowing Costs**

All borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred. *MPERS 25.2*

3.18 **Foreign Currency**

(a) Foreign Currency Transactions

Transactions in foreign currencies are initially recognised in the functional currency by applying to the foreign currency amount the spot exchange rates between the functional currency and the foreign currency at the date of the transactions. *MPERS 30.7*

At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. *MPERS 30.9*

Exchange differences are recognised in profit or loss in the period in which they arise except when a gain or loss on a non-monetary item is recognised in other comprehensive income. If so, any exchange differences relating to that gain or loss is recognised in other comprehensive income. *MPERS 30.10 MPERS 30.11*

3. **Significant Accounting Policies (Cont'd)**

3.19 **Related Parties**

A party is related to an entity if:-

MPERS 33.2

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(iv) the party is a joint venture of a third party and the other entity is an associate of the third party;
(v) the party, or any member of a group of which it is a part, provides key management personnel services to the entity or its parent;
(vi) the party is a closed member of the family of any individual referred to in (i) or (iv);
(vii) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(viii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity.

4. Critical Judgements and Estimation Uncertainty

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reporting amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

4.1 Judgements Made in Applying Accounting Policies

There are no critical judgements made by management in the process of applying the accounting policies of the Group and the Company.

4.2 Key Sources of Estimation Uncertainty[19]

No.	Commentary
20.1	**When there are no key sources of estimation uncertainty exist, the following disclosure shall apply:** There are no key assumptions concerning the future and other key sources of estimation uncertainty at the end os reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group and the Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group and the Company. Such changes are reflected in the assumptions when they occur.

4. **Critical Judgements and Estimation Uncertainty (Cont'd)**

4.2 **Key Sources of Estimation Uncertainty (Cont'd)**

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within a range of 5 to 83 years. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. The carrying amount of the Group's and the Company's property, plant and equipment at the reporting date is disclosed in Note 5.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognised tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(c) **Impairment of trade and other receivables**

The Group and the Company makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer credit worthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

No.	Commentary
20.2	The above disclosures from (a)-(b) services only as a guidance and hence, the auditor is required to disclosure where applicable based on professional judgement.

5. **Property, Plant and Equipment**

Group

	Freehold factory land (at valuation)	Freehold factory building (at valuation)	Renovation	Plant and equipment	Motor vehicles	Furniture and fittings	Office equipment and computers	Signage	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
At cost, unless otherwise stated									
Balance as at 1 January 2023	3,095,000	5,442,624	760,144	6,414,245	1,034,811	514,104	844,545	36,700	18,142,173
Additions	-	-	-	540,919	104,817	64,413	13,417	-	723,566
Disposals/ Written off	-	-	-	-	(67,667)	-	-	-	(67,667)
Revaluation	5,000	(42,624)	-	-	-	-	-	-	(37,624)
Balance as at 31 December 2023	3,100,000	5,400,000	760,144	6,955,164	1,071,961	578,517	857,962	36,700	18,760,448
Less: Accumulated Depreciation									
Balance as at 1 January 2023	-	2,033,775	263,128	4,555,965	370,624	214,729	623,711	10,551	8,072,483
Charge for the year	-	392,968	76,014	423,048	194,185	54,711	50,282	3,670	1,194,878
Disposals/ Written off	-	-	-	-	(67,667)	-	-	-	(67,667)
Elimination of accumulated Depreciation	-	(2,426,743)	-	-	-	-	-	-	(2,426,743)
Balance as at 31 December 2023	-	-	339,142	4,979,013	497,142	269,440	673,993	14,221	6,772,951

5. **Property, Plant and Equipment (Cont'd)**

Group

	Freehold factory land (at valuation) RM	Freehold factory building (at valuation) RM	Renovation RM	Plant and equipment RM	Motor vehicles RM	Furniture and fittings RM	Office equipment and computers RM	Signage RM	Total RM
Less: Accumulated impairment losses									
Balance as at 1 January 2023	-	-	-	1,200	-	-	-	-	1,200
Additions	-	-	-	1,800	-	-	-	-	1,800
Reversal	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2023	-	-	-	3,000	-	-	-	-	3,000
Net carrying amount									
Balance as at 1 January 2023	3,095,000	3,408,849	497,016	1,857,080	664,187	299,375	220,834	26,149	10,068,490
Balance as at 31 December 2023	3,100,000	5,400,000	421,002	1,973,151	574,819	309,077	183,969	22,479	11,984,497

Commentary

The sequence of the PPE categories shall begin with non-moveable assets and followed through moveable assets.

5. **Property, Plant and Equipment (Cont'd)**

Company

	Renovation	Plant and equipment	Motor vehicles	Furniture and fittings	Office equipment and computers	Signage	Total
	RM	RM	RM	RM	RM	RM	RM
At cost, unless otherwise stated							
Balance as at 1 January 2022	760,144	6,411,245	1,034,811	514,104	844,545	36,700	9,601,549
Additions	-	540,919	104,817	64,413	13,417	-	723,566
Disposals/ Written off	-	-	(67,667)	-	-	-	(67,667)
Balance as at 31 December 2022	760,144	6,952,164	1,071,961	578,517	857,962	36,700	10,257,448
Less: Accumulated depreciation							
Balance as at 1 January 2022	263,128	4,555,965	370,624	224,729	623,711	10,551	6,048,708
Charge for the year	76,014	352,691	194,185	46,724	50,282	3,670	793,923
Disposals/ Written off	-	-	(67,667)	-	-	-	(67,667)
Balance as at 31 December 2022	339,142	4,908,656	497,142	271,453	673,993	14,221	6,774,964
Net carrying amount							
Balance as at 1 January 2022	497,016	2,043,508	664,187	289,375	220,834	26,149	3,552,841
Balance as at 31 December 2022	421,002	1,973,151	574,819	307,064	183,969	22,479	3,482,484

Revaluation of land and buildings

On 31 December 2023, the entire land and buildings of the Group were revalued by an independent qualified valuer, registered with Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia. The valuation was arrived at based on the Comparison Method of Valuation. A revaluation surplus of RM2,305,490 (net of deferred taxation) had been recognised as other comprehensive income.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amount of the properties would have been RM7,348,201 (2022: RM28,593,674).

5. **Property, Plant and Equipment (Cont'd)** *MPERS 17.31(e)*

a) The net carrying amount of motor vehicles held under hire purchase instalment plans amounted to RM xxx,xxx (2022: RM xxx,xxx). *MPERS 20.13)*

b) The freehold land and factory building has been pledged to a licensed bank for banking facilities granted to the Group (Note 16). *MPERS 17.32 (a)*

	Group/ Company	
	2023	**2022**
	RM	**RM**
Purchases of property, plant and equipment	723,566	82,739
Less: Purchases made directly by finance lease	(104,817)	-
Purchases of property, plant and equipment by cash	618,749	82,739

6. **Investment Properties**

IF COST MODEL: *MPERS 16.10(e)*

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Cost				
Balance at 1 January 2023	580,000	595,000	580,000	595,000
Addition	302,500	-	302,500	-
Balance at 31 December 2023	882,500	595,000	882,500	595,000
Less: Accumulated Depreciation				
Balance at 1 January 2023	10,000	10,000	10,000	10,000
Charge for the year	7,500	5,000	7,500	5,000
Balance at 31 December 2023	17,500	15,000	17,500	15,000
Net Carrying Amount	865,000	580,000	865,000	580,000

The fair value of the above investment properties cannot be measured reliably without undue cost or effort, because the directors do not have relevant expertise in valuing such properties and the service of an independent valuer is costly to the Group and the Company. *MPERS 16.4*

6. **Investment Properties (Cont'd)**

IF FAIR VALUE MODEL:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Cost				
Balance at 1 January 2023	580,000	590,000	580,000	590,000
Addition	280,000	-	280,000	-
Gain/(Loss) on fair value adjustment of investment properties	5,000	(10,000)	5,000	(10,000)
Balance at 31 December 2023	865,000	580,000	865,000	580,000

Revaluation of Investment Properties

On 31 December 2023, the investment properties of the Group were revalued by an independent qualified valuer, registered with Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia. The valuation was arrived at based on the Comparison Method of Valuation.

7. **Investment in Subsidiary Companies**

	2023 RM	**2022 RM**
Unquoted shares, at cost		
Balance as at beginning of the financial year	1,200,000	1,202,000
Acquired during the year	1,600,000	-
Disposed during the financial year	-	(2,000)
Balance as at end of the financial year	2,800,000	1,200,000

7. **Investment in Subsidiary Companies (Cont'd)**

MPERS 9.26
MPERS 9.27

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2023	Effective ownership interest 2022
Subsidiary A Sdn. Bhd.	Malaysia	Business of manufacturing and distribution of pharmaceutical products.	100%	100%
Subsidiary B Sdn. Bhd.*	Malaysia	Dormant.	100%	100%
Subsidiary C Sdn. Bhd. #	Malaysia	Dormant.	-	75%
Subsidiary D Sdn. Bhd.	Malaysia	Trading of pharmaceutical products.	100%	-

CA16 - 9th Sch 5(2)

CA16 - Sec 174(2)(c)(i)

** Audited by a firm of auditors other than NK Associates.*

 # Disposed during the financial year.

8. **Investment in Associates / Investment in Joint Ventures**

	2023 RM	2022 RM
At cost		
Unquoted shares	102,770	102,770
- within Malaysia	100,000	100,000
- outside Malaysia	2,770	2,770
Share of post-acquisition reserves	38,242	35,776
	141,012	138,546

OR

	2023 RM	2022 RM
At fair value through profit or loss		
Quoted shares		
- within Malaysia	88,549	75,002
- outside Malaysia	52,463	63,544
	141,012	138,546

9. **Intangible Assets**

Group

	Goodwill RM	Group Software RM	Total RM
At cost			
Balance as at beginning of the financial year	1,152,000	50,000	1,202,000
Acquired during the year	550,000	-	550,000
Balance as at end of the financial year	1,702,000	50,000	1,752,000
Less: Accumulated amortisation			
Balance as at beginning of the financial year	335,600	25,000	360,600
Charge for year	165,200	10,000	175,200
Balance as at end of the financial year	500,800	35,000	535,800
Less: Accumulated impairment losses			
Balance as at beginning of the financial year	-	-	-
Addition	73,663	-	73,663
Balance as at end of the financial year	73,663	-	73,663
Carrying amounts			
As at 1 January 2023	816,400	25,000	841,400
As at 31 December 2023	1,127,537	15,000	1,142,537

10. Other investments

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
At FVTPL				
Listed equity instruments	118,000	81,282	-	-
At amortised cost				
Membership in golf club	882,000	882,000	882,000	882,000
	1,000,000	963,282	882,000	882,000

11. Inventories

Inventories comprise of:

MPERS 13.22 (b)

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Raw materials	455,026	268,008	320,106	26,244
Work-in-progress	277,218	98,311	277,218	98,311
Finished goods	993,532	95,328	993,532	95,328
Packing materials	42,668	39,141	42,668	39,141
	1,768,444	422,506	1,633,524	259,024

MPERS 13.22(c)-(e)

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Recognised in profit or loss				
- Inventories recognised as cost of sales	xxx,xxx	xxx,xxx	xxx,xxx	xxx,xxx
- Impairment loss	-	xxx,xx	-	xxx,xx
- Reversal of impairment loss	(xxx,xxx)	-	(xxx,xxx)	(xxx,xxx)

12. **Trade Receivables**

		Group		Company	
		2023	**2022**	**2023**	**2022**
		RM	**RM**	**RM**	**RM**
Third parties		6,587,770	7,203,953	1,829,333	2,878,241
Related parties	i	-	-	100,000	100,000
Less: Accumulated Impairment Loss		(716,792)	(763,571)	(50,000)	(50,000)
		5,870,978	6,440,382	1,879,333	2,928,241

(i) The trade receivables represent the amount due from companies in which a Director has interest.

13. **Other Receivables, Deposits and Prepayments**

		Group		Company	
		2023	**2022**	**2023**	**2022**
		RM	**RM**	**RM**	**RM**
Non-Current					
Other receivables – third parties		50,484	80,443	2,800	2,100
		50,484	80,443	2,800	2,100
Current					
Other receivables – third parties		95,360	75,000	75,000	75,000
Less: Accumulated impairment losses		(20,600)	(5,000)	(5,000)	(5,000)
		74,760	70,000	70,000	70,000
Other receivables – related parties	i	-	-	200,000	252,000
Deposits		568,969	213,937	21,200	19,400
Prepayments		41,248	40,079	-	400
		684,977	324,016	291,200	341,800
		735,461	404,459	294,000	343,900

(i) The amount due from the related companies which a Director has interest are unsecured, interest-free and repayable on demand. *MPERS 33.9(b)(i)*

MPERS 11.46(a)

14. Fixed Deposits with Licensed Bank

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
With maturity of 1 to 3 months	50,000	50,000	50,000	50,000
With maturity of more than 3 months	22,000	20,000	22,000	20,000
	72,000	70,000	72,000	70,000

Fixed deposits maturing within 3 months are treated as cash and cash equivalents.

Included in fixed deposits placed with licensed banks is an amount of RMxx,xxx (2022:RMxx,xxx) pledged to licensed banks for banking facilities granted to the Group and the Company.

MPERS 4.12

The effective interest rate of the fixed deposits with licensed bank at the reporting date ranges from 1.50% to 1.68% (2022: 1.50% to 1.68%).

15. Cash and Short-Term Deposits

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Cash and bank balances	268,862	537,999	219,104	427,352
Short-term deposits	505,229	498,277	438,948	498,277
	771,091	1,036,276	658,052	925,629

MPERS 7.21

Following the acquisition of Subsidiary C Sdn. Bhd., some cash and short term deposits of the acquiree were temporarily not available for general use by the Group because of legal restrictions. The amount of cash and short term deposits inaccessible to the Group as at 31 December 2023 amounts to RM 251,000 (31.12.2022: RM Nil).

16. Share Capital

	Number of shares			
	2023 Units	**2022 Units**	**2023 RM**	**2022 RM**
<u>Ordinary Shares</u>				
Beginning of the year	1,030,002	580,002	1,030,002	580,002
Issued during the year	-	450,000	-	450,000
End of the year	1,030,002	1,030,002	1,030,002	1,030,002

The new ordinary shares issued during the previous financial year ranked pari passu in all respect of the distribution of dividends and repayment of capital with existing ordinary shares.

17. **Reserves**

(i) **Retained Earnings**

The entire retained earnings of the Group and the Company as at 31 December 2023 and 31 December 2022 may be distributed as dividends under the single tier system.

(ii) **Revaluation Reserve**

Revaluation reserve represents the surplus on revaluation of property, plant and equipment. Revaluation reserve are not available for distribution to the shareholders

The following are the movements of revaluation reserve:

	Group	
	2023 **RM**	**2022** **RM**
At the beginning of the financial year	503,000	526,000
Recognised in other comprehensive income:		
Revaluation surplus/(loss)	2,379,119	(25,000)
Less: Other comprehensive income attributable to non-controlling interest	-	-
Less: Deferred tax liability on revaluation surplus/(loss)	(73,629)	2,000
Revaluation surplus/(loss), net of tax	2,305,490	(23,000)
At end of the financial year	2,808,490	503,000

MPERS 4.7
MPERS 4.8

18. **Loan and Borrowings**

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Non-Current				
Term loans	4,926,005	5,877,370	4,926,005	5,877,370
	4,926,005	5,877,370	4,926,005	5,877,370
Current				
Term loans	721,820	81,596	721,820	81,596
Bank overdraft	-	53,188	-	-
Bankers' acceptance	350,000	100,000	350,000	100,000
	1,071,820	234,784	1,071,820	181,596
	5,997,825	6,112,154	5,997,825	6,058,966

Rates of interest charged per annum are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	%	**%**	**%**	**%**
Term loans	2.20	2.20	2.20	2.20
Bank overdraft	-	BLR+1.50	-	-
Bankers' acceptance	BLR+1.20	BLR+1.20	BLR+1.20	BLR+1.20

18. **Loan and Borrowings (Cont'd)**

(a) **Term Loans**

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Total outstanding	5,647,825	5,958,966	5,647,825	5,958,966
Less : Amount due within 12 months	(721,820)	(81,596)	(721,820)	(81,596)
Amount due after 12 months	4,926,005	5,877,370	4,926,005	5,877,370
<u>Amount due after 12 months is repayable as follows:</u>				
Repayable after 1 year but before 5 years	4,926,005	5,877,370	4,926,005	5,877,370
	4,926,005	5,877,370	4,926,005	5,877,370

The term loans are repayable on a monthly basis and mature between 2025 and 2030. *MPERS 11.42*

The term loans are secured on the following: - *MPERS 17.32*

(i) A principal instrument on the facility agreement for the sum of RM500,000.
(ii) First party legal charge over 3 storey detached office cum factory of the Group (Note 5).
(iii) Jointly and severally guarantees by the certain directors and shareholder of the Group.

(b) **Bank Overdraft**

The facility is secured by the following: *MPERS 17.32*

(i) corporate guarantee by the Company; and
(ii) joint and several guarantees by certain directors of a subsidiary company.

(c) **Bankers' Acceptance**

The facility is secured by the following:

(iii) corporate guarantee by the Company; and
(iv) joint and several guarantees by certain directors of a subsidiary company. *MPERS 17.32*

19. **Finance Leases**

MPERS 20.13

	Group		Company	
	2023 **RM**	**2022** **RM**	**2023** **RM**	**2022** **RM**
Total outstanding	773,624	590,468	531,309	590,468
Less : Future finance charges on finance lease	(93,220)	(50,168)	(39,570)	(50,168)
Present value of finance lease liabilities	680,404	540,300	491,739	540,300
Current Liabilities				
Lease payable	240,746	115,160	144,580	115,160
Non-Current Liabilities				
Repayable not later than 2 years	288,644	252,384	196,145	252,384
Repayable later than 2 years but not later than 5 years	151,014	172,756	151,014	172,756
	439,658	425,140	347,159	425,140

Rates of interest charged per annum are as follows:

	Group		Company	
	2023 **%**	**2022** **%**	**2023** **%**	**2022** **%**
Finance leases	4.04-5.58	4.04-4.39	4.04-5.56	4.04-4.39

20. **Deferred Tax Liabilities**

Recognised deferred tax liabilities

Deferred tax assets and liabilities offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

The following are the movement of deferred tax liabilities:

	Group		Company	
	2023 **RM**	**2022** **RM**	**2023** **RM**	**2022** **RM**
At the beginning of financial year	357,082	338,055	233,839	238,369
Recognised in profit or loss	25,929	17,027	14,378	(4,530)
Recognised in other comprehensive income	(500)	2,000	-	-
At the end of financial year	382,511	357,082	248,217	233,839

20. **Deferred Tax Liabilities (Cont'd)**

Recognised deferred tax liabilities

The components of the deferred tax liabilities at the end of the financial year comprise tax effects of:

MPERS 29.37
MPERS 29.31

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Deferred tax liabilities				
Revaluation surplus arise from properties	(500)	2,000	-	-
Fair value adjustment of investment properties	1,000	(500)	10,000	(500)
Excess of capital allowances over corresponding depreciation	382,011	355,582	238,217	233,839
Deferred tax liabilities (before offsetting)	382,511	357,082	248,217	233,339
Offsetting	-	-	-	-
Deferred tax liabilities (after offsetting)	382,511	357,082	248,217	233,339

Unrecognised Deferred Tax Assets[20]

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Taxable temporary differences				
Unutilised tax losses	1,287,292	1,725,992	-	-
Unrecognised deferred tax assets at 17% (2022: 17%)	218,840	293,419	-	-

20. **Deferred Tax Liabilities (Cont'd)**

MPERS 29.40

The unabsorbed capital allowances can be carried forward indefinitely and unutlised tax losses can be carried forward maximum seven (7) years of assessment with effect from year 2019 and only can be utilised against income from the same business source. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. The unabsorbed capital allowances and unutilised tax losses are subject to the agreement of the tax authorities.

No.	Commentary
21.	Where the Group and the Company has only unrecognised deferred tax assets (DTA), the disclosure in this note relating to Unrecognised DTA can be disclosed under Income Tax note.

21. **Trade Payables**

MPERS 4.11(d)

		Group		Company	
		2023	**2022**	**2023**	**2022**
		RM	**RM**	**RM**	**RM**
Third parties		4,592,780	2,630,771	2,616,462	1,984,575
Related parties	i	4,110	61,241	4,110	61,241
		4,596,890	2,692,012	2,620,572	2,045,816

(i) The trade payables represent the amount due from companies in which a Director has interest.

22. **Other Payables and Accruals**

		Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Non-Current					
Other payables – third parties		75,000	259,000	75,000	391,000
		75,000	259,000	75,000	391,000
Current					
Other payables – related parties	i	-	-	1,385,000	-
Accruals		450,286	255,974	225,000	41,000
Deposits received		-	15,000	-	15,000
Deferred income[21]	ii	24,700	-	24,700	-
		474,986	270,974	1,634,700	56,000
		549,986	529,974	1,709,700	447,000

(i) The other payables represent amount of due to a company in which the director of the Company has interest. The amount due to the related party represents non-trade transactions, unsecured and repayable on demand. *MPERS 33.9(b)(i)*

(ii) The deferred income represents the non-refundable deposit received in advance from customers for delivery of goods.[21]

No.	Commentary
22.	The MPERS Sect 4.11 allows the entity to disclose the Deferred Income either as a separate line item in the statement of financial position or in the notes to the financial statements.

23. **Amount Due To Directors**

MPERS 33.9(b)(i)

This amount is unsecured, interest-free and repayable upon demand.

24. **Revenue**[22]

	Group		Company	
	2023 **RM**	**2022** **RM**	**2023** **RM**	**2022** **RM**
Sale of goods	16,308,207	17,635,964	14,338,250	12,254,651
Rendering of services	2,010,000	1,358,900	1,371,718	1,711,471
	18,318,207	18,994,864	15,709,968	13,966,122

No.	Commentary
23.	The entity is required to disclose the amount of each category of revenue recognised during the period, showing separately.

MPERS 23.30

25. **Cost of sales**

Included in cost of sales are:-

	Group		Company	
	2023 **RM**	**2022** **RM**	**2023** **RM**	**2022** **RM**
Depreciation of property, plant and equipment	696,918	611,302	696,918	611,302
Employee benefit expenses	1,187,108	1,421,456	1,187,108	1,421,456
Rental of staff quarters	42,425	45,600	42,425	45,600

No.	Commentary
24.	Please ensure to only disclose the material items.

26. **(Loss)/Profit Before Tax[23]**

	2023 RM	2022 RM	2023 RM	2022 RM
This is stated after charging:				
Audit fees				
- Current year provision	xx,xxx	xx,xxx	xx,xxx	xx,xxx
- Under provision in prior year	x,xxx	x,xxx	x,xxx	x,xxx
Depreciation of property, plant and equipment	1,194,878	1,188,243	793,923	1,104,436
Director's remuneration	1,102,653	1,056,797	1,102,653	1,056,797
Employee benefit expenses	594,230	619,711	545,727	520,523
Finance expenses:				
- Term loan	316,612	207,317	183,225	208,206
- Finance lease	23,135	5,836	23,135	5,836
- Bank overdraft	20,983	18,927	-	-
- Bankers' acceptance	3,799	1,910	3,799	1,910
and after crediting:				
Finance income:				
- Bank interest	(771)	(863)	(259)	(225)
- Fixed deposit	(1,391)	(827)	(1,391)	(827)

No.	Commentary
25.1.	Apart from the above, the Company shall also disclose the following under respective headers, where applicable: - Rental expense/(income) - Loss/(Gain) on disposal of PPE - Impairment loss charged for the year/ Reversal of impairment losses - Loss/(Gain) on foreign exchange – realised or unrealised - Financial instruments written off
25.2	Please ensure to only disclose the material items.

26. **(Loss)/Profit Before Tax (Cont'd)**

26.1 **Directors' Remuneration**

MPERS 33.6

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Salaries, allowances, and bonus	1,082,400	1,037,300	1,082,400	1,037,300
Defined contribution plan	18,144	17,388	18,144	17,388
Defined contribution benefits	2,109	2,109	2,109	2,109
	1,102,653	1,056,797	1,102,653	1,056,797

26.2 **Employee benefit expenses**

MPERS 28.41(g)
MPERS 28.40

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Salaries, allowances and bonus	524,974	554,820	479,617	457,355
Defined contribution plan	61,983	57,892	59,565	56,855
Defined contribution benefits	7,273	6,999	6,545	6,313
	594,230	619,711	545,727	520,523

27. **Income Tax Expense**

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Current tax expense				
Current year provision	546,692	446,947	103,478	200,910
Under provision in prior year	7,155	357,340	-	350,312
Deferred tax expense				
Temporary differences	25,929	17,027	14,378	(4,530)
Total income tax expense	579,776	821,314	117,856	546,692

No.	Commentary
26.	When there is no tax expense/ (income) for both current and comparative period, the following disclosure shall replace the above disclosure: No provision for income tax has been provided as the Company is in a tax loss position.

The income tax expense is reconciled to the accounting (loss)/profit at the applicable tax rate as follows: -

MPERS 29.40

27. **Income Tax Expense (Cont'd)**

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
(Loss)/Profit before tax	(612,445)	2,667,407	279,490	340,810
Applicable tax rate	17%	17%	17%	17%
Tax at applicable tax rate	(104,116)	453,459	47,513	57,938
Effect on tax:				
Effect on different tax rate	-	-	-	(588)
Expenses not deductible under tax legislation	1,074,755	321,184	229,008	264,493
Income not subject to tax under tax legislation	(62,446)	(43,919)	(36,575)	(23,774)
Under provision in prior year	7,155	357,340	-	350,312
Utilisation of current year capital allowances	(394,585)	(283,777)	(136,468)	(97,159)
Deferred tax (income)/expenses relating to (reversal)/origination of temporary differences	25,929	17,027	14,378	(4,530)
Tax expense for the year	579,776	821,314	117,856	546,692

28. **Financial Instruments**

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Financial Assets				
At amortised cost				
Trade receivables	5,870,978	6,440,382	1,879,333	2,928,241
Other receivables	125,244	150,443	272,800	324,100
Cash and bank balances	771,091	1,036,276	658,052	925,629
	6,767,313	7,627,101	2,810,185	4,177,970
Financial Liabilities				
At amortised cost				
Trade payables	4,596,890	2,692,012	2,620,572	2,045,816
Other payables	99,700	259,000	1,484,700	391,000
Amount due to directors	2,784,180	2,666,352	2,784,180	2,666,352
Loan and borrowings	6,678,229	6,652,454	6,489,564	6,599,266
	14,158,999	12,269,818	13,379,016	11,702,434

OR

Commentary

Disclosure for non-active entities:

The carrying amount of financial assets and liabilities of the Group and the Company as at the reporting date are measured at amortised cost other than prepayment and accruals.

29. Dividends

MPERS 6.3(c)(iii)

Dividends paid/payable:

	Group/Company	
	2023	**2022**
	RM	**RM**
In respect of the financial year ended 31 December 2023 single tier final dividend of RM1.16 per ordinary share	1,194,802	-
In respect of the financial year ended 31 December 2022 single tier final dividend of RM1.73 per ordinary share	-	1,781,903
	1,194,802	1,781,903

30. Share Based Payment

MPERS 26.18(a)

The Board of Director of the Company has on 15 June 2018 announced that the Company has offered 438,000,000 share options to eligible employees under employee share option scheme("ESOS").

The salient features[25] of the ESOS are as follows:

No.	Commentary
27.	The Company shall disclose the salient features of the ESOS.

Movement of ESOS during the financial year/period

MPERS 26.18(b)

The following table illustrates the share options granted and exercised during the financial year:

	Unit ‘000	**WAEP RM**
Balance as at 1 October 2020		
Granted during the financial year		
Forfeited during the financial year		
Exercised during the financial year		
Balance as at 30 September 2022		
Granted during the financial period		
Exercised during the financial year		
Expired during the financial year		
Balance as at 31 December 2023		
Exercisable at:		
- 1 October 2022		
- 31 December 2023		

31. **Capital Commitments**

	Group 2023 RM	Group 2022 RM	
Property, Plant and Equipment			*MPERS 17.32(b)*
Authorised but not contracted for	XXX,XXX	-	
Contracted but not provided for	-	-	
Investment properties			*MPERS 16.10(d)*
Authorised but not contracted for	XXX,XXX	-	
Contracted but not provided for	-	XXX,XXX	
Other contractual obligations of investment properties			
Costs of repairs, maintenance or enhancements	-	X,XXX	*MPERS 16.10(d)*

32. **Contingencies**

No.	Commentary
28.	Disclose the following for each class of contingent liability: a. Nature of contingent liability. b. Estimate of financial impact. c. Uncertainties relating to amount or timing of any outflow. d. Possibility of any reimbursement Disclose the following for each class of contingent asset: a. Nature of contingent asset. b. Estimate of financial impact.

An overseas customer has commenced an action against the Group in respect of equipment claimed to be defective. The estimated payout is RM1,700,000 should the action be successful. A trial date has not yet been set. Therefore, it is not practicable to state the timing of the payment, if any.

The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

MPERS 33.9(a)

33. **Related Party Transactions**

In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Sales to related parties	XXX	XXX	XXX	XXX
Purchases from related parties	XXX	XXX	XXX	XXX
Rental payable to a company in which certain director has interest	XXX	XXX	XXX	XXX
Management fees charged to a subsidiary company by a company	-	-	XXX	XXX
Software maintenance fees charged	XXX	XXX	XXX	XXX
Dividend income fee received from subsidiaries	-	-	XXX	XXX

No.	Commentary
29.	The Company shall disclose any other related parties transactions that are deemed significant.

34. **Significant Event Subsequent to the Financial Year**

MPERS 32.10
MPERS 32.11(e)

No.	Commentary
30.	An entity shall disclose the following for each category of non-adjusting event. (a) the nature of the event; and (b) an estimate of its financial effect or a statement that such an estimate cannot be made. Examples: (a) a major business combination or disposal of a business. (b) announcement of a plan to discontinue an operation. (c) a major purchase of an asset, disposal or plan to dispose an asset. (d) the destruction of a major production plant by a fire. (e) announcement or commencement of a major restructuring. (f) abnormally large changes in asset prices or foreign exchange rates. (g) commencement of major litigation arising solely out of events that occurred after the end of the reporting period.

35. **Prior Year Adjustment**

MPERS 10.19

MPERS 10.23

No.	Commentary
30.1	Prior period errors are omissions (*mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts and fraud*) from, and misstatements in, an entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that: (a) was available when financial statements for those periods were authorised for issue; and (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements An entity shall disclose the following about prior period errors: (a) the nature of the prior period error; (b) for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected; (c) to the extent practicable, the amount of the correction at the beginning of the earliest prior period presented; and (d) an explanation if it is not practicable to determine the amounts to be disclosed in (b) or (c). Financial statements of subsequent periods need not repeat these disclosures.

34. **Prior Year Adjustment (Cont'd)**

No.	Commentary
30.2	Where there arises a Prior Year Adjustment, the financial statements shall be presented in the following manner:

a) **Statement of Financial Position**

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	31.12.2023 RM	31.12.2022 RM (Restated)	01.01.2022 RM (Restated)
NON-CURRENT ASSET				
CURRENT ASSET				
TOTAL ASSET				
EQUITY AND LIABILITIES				
EQUITY				
Total equity attributable to owners of the Company				
NON-CURRENT LIABILITIES				
CURRENT LIABILITIES				
TOTAL LIABILITIES				
TOTAL EQUITY AND LIABILITIES				

b) **Statement of Comprehensive Income**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM	2022 RM (Restated)
Revenue			
Cost of sales			
Gross Profit			

34. **Prior Year Adjustment (Cont'd)**

No.	Commentary
30.2	c) **Statement of Cash Flows**

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM	2022 RM (Restated)
CASH FLOWS FROM OPERATING ACTIVITES			
Profit/(Loss) before taxation			

d) **Statement of Changes in Equity**

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share Capital RM	Retained Earnings RM	Total Equity RM
Balance as at 1 January 2022, previously stated				
Prior year adjustments				
Balance as at 1 January 2022, restated				
Total comprehensive income for the year, restated				
Balance as at 31 December 2022, restated				
Balance as at 1 January 2023, previously stated				
Prior year adjustments				
Balance as at 1 January 2023, restated				
Total comprehensive income for the year,				
Balance as at 31 December 2023				

34. **Prior Year Adjustment (Cont'd)**

During the current financial year ended 31 December 2023, the Company made prior adjustment because the Company has over-recognised a cost of sales of RM xxx,xxx in the financial year ended 31 December xxxx.

As a result, the following adjustments were made retrospectively to the financial statements of prior year to conform with current year presentation.

	As previously stated RM	Effect of prior year adjustment RM	As restated RM
Statement of financial position			
As at 1 January 2022			
Current Liability			
Trade payables	x,xxx,xxx	(xxx,xxx)	x,xxx,xxx
Equity			
Retained Earnings	(xxx,xxx)	xxx,xxx	xxx,xxx
As at 31 December 2022			
Current Liability			
Trade payables	x,xxx,xxx	(xxx,xxx)	x,xxx,xxx
Equity			
Retained Earnings	(x,xxx,xxx)	xxx,xxx	(x,xxx,xxx)
Statement of comprehensive income			
As at 31 December 2022			
Cost of sales	(x,xxx,xxx)	(xxx,xxx)	(x,xxx,xxx)
Profit after tax	xxx,xxx	xxx,xxx	xxx,xxx
Total comprehensive income	xxx,xxx	xxx,xxx	xxx,xxx

MPERS 3.14

35. **Comparative Figures**

(a) The presentation and classification of items in current year's financial statements are consistent with the previous financial year and following comparative figures which have been reclassified to conform with current year's presentation and to reflect appropriately the nature of the transactions:

	As previously classified RM	Adjustment RM	As reclassified RM
Trade receivables			
Other receivables			

No.	Commentary
31.	The Note 33 (a) shall apply when there is a need to reclassify amounts in the comparative period to ensure consistency of presentation and disclosure.

(b) The financial statements of the Group and the Company were prepared for a period of thirteen months ended 31 December 2023. Accordingly, there are no comparative amounts for the financial statements as this is the first set of financial statements prepared.

No.	Commentary
32.	The Note 33 (b) shall apply if it's a first year of incorporation to indicate that there are no comparatives.

(c) The financial statements of the Group and the Company as at 31 December 2022, were audited by another firm of auditors whose report dated 28 April 2023, expressed an unmodified opinion on those statements.

No.	Commentary
33.	The Note 33 (c) is applicable when there is a change of auditors.

For professional advise concerning compliance to MPERS and specific accounting treatment, users are encouraged to contact.

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