MOORE

Moore Stephens Associates PLT
[201304000972 (LLP0000963-LCA)]
Chartered Accountants [AF002096]
Unit 3.3A, 3rd Floor, Surian Tower
No. 1 Jalan PJU 7/3, Mutiara Damansara
47810 Petaling Jaya, Selangor, Malaysia

T +603 7728 1800 (General) ; 7724 1033 (Assurance)
F +603 7728 9800 (General) ; 7733 1033 (Assurance)

www.moore.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSBM HOLDINGS BERHAD
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statement of FSBM Holdings Berhad., which comprise the statement of financial position as at 30 June 2022 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 financial period from 1 January 2022 to 30 June 2022 (without comparative figures), and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 47. In our opinion, the financial statements of the Company as at 30 June 2022 is prepared, in all material respects, in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards.

Basis for Opinion

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

Independence and Other Ethical Requirements

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

Emphasis of Matter

(a) Without qualifying our opinion, we draw attention to Note 26(b) to the financial statements which discloses the Practice Note 17 status of the Company.

(b) The financial statements of the Group and the Company are prepared to assist the Group for the purpose of proposed regularisation plan and not for any other purpose. Our report is intended solely for the Group and the Company for the purpose of proposed regularisation plan and should not be distributed to parties other than the Group and the Company.

Our opinion is not modified in respect of these matters.

MOORE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSBM HOLDINGS BERHAD (CONT'D)
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements of the Company

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but 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 apprcved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We are also:

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

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

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

MOORE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSBM HOLDINGS BERHAD (CONT'D)
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

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

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

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

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other matters

For the avoidance of doubt, the relevant disclosures, comparatives and/or other information (that is commonly disclosed in the full set of financial statements prepared in compliance with the MFRS) in relation to the financial statements of the Group and of the Company as abovementioned statements are excluded from the scope of this engagement.

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

CHUAH SOO HUAT
03002/07/2024 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 25 October 2022

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

	Note	Group 01.01.2022 to 30.06.2022 RM'000	Company 01.01.2022 to 30.06.2022 RM'000
Revenue	4	4,881	-
Direct operating costs		(2,308)	-
Gross profit		2,573	-
Other income		42	8
Administrative expenses		(733)	(465)
Selling and marketing expenses		(26)	(10)
Other expenses		(542)	(352)
Profit/(Loss) before tax	5	1,314	(819)
Tax expense	6	(79)	-
Profit/(Loss) net of tax, for the financial period representing total comprehensive income for the financial period		1,235	(819)
Total comprehensive income attributable to:			
Owners of the Company		1,232	(819)
Non-controlling interests		3	-
		1,235	(819)
Basic earnings per ordinary share (sen)	7	0.61	

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Group 30.06.2022 RM'000	Company 30.06.2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,206	-
Investment in subsidiaries	9	-	-
Other investments	10	-	-
Deferred tax assets	20	232	-
		1,438	-
Current assets			
Trade receivables	11	3,582	-
Other receivables	12	897	709
Contract assets	13	643	-
Marketable securities	14	4	-
Cash and cash equivalents		5,550	5,504
		10,676	6,213
Total assets		12,114	6,213
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	24,314	24,314
Treasury shares	16	(712)	(712)
Warrants reserve	17	-	-
Accumulated losses		(14,292)	(25,573)
Equity attributable to Owners of the Company		9,310	(1,971)
Non-controlling interests		(2,090)	-
Total equity		7,220	(1,971)
LIABILITIES			
Current liabilities			
Trade payables	18	39	32
Other payables	19	4,544	8,152
Tax payables		311	-
Total liabilities		4,894	8,184
Total equity and liabilities		12,114	6,213

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

	Attributable to Owners of the Company						
	Non-distributable						
	Share Capital RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Group							
At 1 January 2022	10,064	(712)	4,534	(16,740)	(2,854)	(2,093)	(4,947)
Conversion of Warrants	10,932	-	-	-	10,932	-	10,932
Exercise of Warrants	3,318	-	(3,318)	-	-	-	-
Forfieture of Warrants	-	-	(1,216)	1,216	-	-	-
Profit net of tax, for the financial period representing total comprehensive income for the financial period	-	-	-	1,232	1,232	3	1,235
At 30 June 2022	24,314	(712)	-	(14,292)	9,310	(2,090)	7,220

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 (cont'd)

	← Non-distributable		→		
	Share Capital RM'000	**Treasury Shares RM'000**	**Warrants Reserve RM'000**	**Accumulated Losses RM'000**	**Total Equity RM'000**
Company					
At 1 January 2022	10,064	(712)	4,534	(25,970)	(12,084)
Conversion of Warrants	10,932	-	-	-	10,932
Exercise of Warrants	3,318	-	(3,318)	-	-
Forfieture of Warrants	-	-	(1,216)	1,216	-
Loss net of tax, for the financial period representing total comprehensive income for the financial period	-	-	-	(819)	(819)
At 30 June 2022	24,314	(712)	-	(25,573)	(1,971)

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

	Group 01.01.2022 to 30.06.2022 RM'000	Company 01.01.2022 to 30.06.2022 RM'000
Cash Flows from Operating Activities		
Profit/(Loss) before tax	1,314	(819)
Adjustments for:		
Depreciation of propery, plant and equipment	16	-
Discount received	(33)	(1)
Fair value loss on marketable securities	3	-
Operating profit/(loss) before changes in working capital	1,300	(820)
Changes in working capital:		
Receivables	(4,326)	(709)
Payables	(222)	(842)
Contract assets	(520)	-
Net cash used in operating activities	(3,768)	(2,371)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,222)	-
Proceed from disposal of other invesment	360	360
Net cash (used in)/from financing activities	(862)	360
Cash Flows from Financing Activities		
Advances to subsidiaries	-	(2,694)
Proceed from exercise of Warrants	10,932	10,932
Repayment to Directors	(981)	(742)
Net cash from financing activities	9,951	7,496
Net increase in cash and cash equivalents	5,321	5,485
Cash and cash equivalents at beginning of the financial period	229	19
Cash and cash equivalents at end of the financial period	5,550	5,504

Cash and cash equivalents represent cash and bank balances.

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 June 2022

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The principal activities of the Company consist of distribution of computers, computers related products, education related products, provision of related services and investment holding. The principal activities of its subsidiaries are disclosed in Note 9. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial period.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 25 October 2022.

2. BASIS OF PREPARATION

The financial statements of the Company are prepared to assist the Company for the purpose of proposed regularisation plan and not for any other purpose. As this is a special purpose financial statements, it may not contain all the relevant disclosures, comparatives and/or other information (that is commonly disclosed in the full set of financial statements prepared in compliance with the MFRS) in relation to the financial statements of the Group and of the Company.

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The Group and the Company has also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncement that are effective and adopted during the financial period

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and the Company.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

(ii) Accounting pronouncement that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Company upon their initial applications.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to nearest thousand (RM'000) except when otherwise indicated.

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's result of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

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

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are set out below.

Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

For other receivables and amounts due from subsidiaries, the Group and the Company apply the approach permitted by MFRS 9, which requires the Group and the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements unless otherwise stated.

(a) Basis of consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation (cont'd)

Consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference recognised directly in equity and attributed to Owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Business combination (cont'd)

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

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combinations is taken to equity.

Subsidiaries

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Non-Controlling Interests

Non-controlling interest in a partly-owned subsidiary represents its share of net assets, other than goodwill, of the subsidiary and is presented as a component of equity separately from owner's equity. Non-controlling interest is initially measured at acquisition-date share of net assets other than goodwill as of the acquisition date and is subsequently adjusted for the changes in the net assets of the subsidiary after the acquisition date.

The Group treats a change in a parent's controlling interest in a subsidiary that does not result in a loss of control as a transaction with equity holders in their capacity as equity holders. Accordingly, the carrying amount of the non-controlling interest is adjusted to reflect the change in the parent's interest in the subsidiary's net assets. Any difference between the amount by which the non-controlling interest is so adjusted and the fair value of the consideration paid or received, if any, is recognised directly in equity and attributed to the Owners of the Company.

Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in functional currencies using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year except for exchange differences arising on monetary items that form part of the Group's and of the Company's net investment in foreign operation.

(c) Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(c) **Revenue recognition** (cont'd)

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

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

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of indirect taxes.

<u>Platform design and development</u>

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation. In making the estimate, management relies on opinion/services of experts, past experience and a continuous monitoring mechanism.

<u>Refurbishment services</u>

Revenue from sales of refurbishment of pre-owned IT hardwares is recognised upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and services taxes and discounts.

<u>Technical support and maintenance services</u>

Revenue from after-sales service is recognised upon the performance of services is completed, net of sales and services taxes and discounts.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue recognition (cont'd)

Lease services

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

(d) Employee benefit

(i) Short term employee benefits

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

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

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(e) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial period, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Income taxes

Deferred tax (cont'd)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(f) Leases

As a lessee

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

(g) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(h) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

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

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Leasehold improvement and office renovation	3 to 10 years
Motor vehicles	5 years
Furniture, fittings and office equipment	10 years
Computer hardware and software	4 to 5 years

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(j) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

The amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 3(k)(i)] where the effective interest rate is applied to the amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financiai assets (cont'd)

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatoh that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment under Note 3(k)(i).

Financial liabilities

Amortised cost

Other financial liabilities categorized as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Financial instruments (cont'd)

(v) Derecognition

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

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, contract assets and lease receivables. ECL is a probability-weighted estimate of credit losses.

Loss allowances of the Group and the Company are measured on either of the following bases:

(i) 12-month ECL – represents the ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECL – represents the ECL that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

<u>Simplified approach – trade receivables</u>

The Group and the Company apply the simplified approach to provide ECL for all trade receivables as permitted by MFRS 9. The simplified approach requires expected lifetime losses to recognised from initial recognition of the receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where applicable.

<u>General approach – other financial instruments</u>

The Group and the Company apply the general approach to provide for ECL on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-month ECL at initial recognition.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(k) **Impairment** (cont'd)

(i) Financial assets (cont'd)

General approach – other financial instruments (cont'd)

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECL.

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and to the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset suffers past due events.

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

Credit Impaired financial assets

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

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(k) **Impairment** (cont'd)

(i) Financial assets (cont'd)

Write-off policy

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

(ii) 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. 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.

Except for goodwill, assets that were previously impaired are reviewed for pcssible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(l) **Equity instruments**

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

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Treasury shares

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, re-issuance or cancellation of treasury shares.

When treasury shares are re-issued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

(m) **Provisions**

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) **Operating segments**

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

(o) **Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Contingent liabilities (cont'd)

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(p) Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

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

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(q) Warrants reserve

Rights Issue with Warrants

Total proceeds received by the Company arising from the Rights Issue with warrants are allocated to two types of equity instruments i.e. share capital and warrants. The amount allocated to warrants represent the fair value of the warrants issued and are credited to a warrants reserve account which is non-distributable. The warrants reserve is transferred to the share capital account upon the execise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

Bonus Issue of Warrants

As there are no proceeds received by the Company arising from the Bonus Issue of warrants, accordingly, no allocation of proceeds is required to account for the fair value of warrants issued.

4. REVENUE

	Group 01.01.2022 to 30.06.2022 RM'000
Point in time	
Technical support and maintenance	64
Refurbishment services	458
Lease services	24
	546
Over time	
Platform design and development	4,335
	4,881

The performance obligations and revenue recognition policies for respective revenue are presented below:

(i) Point in time

Revenue is recognised at point in time when the Group had satisfied performance obligation ("PO") i.e. rendering of services has been performed, delivery of refurbished IT hardware and monthly usage by respective customer. There is no unsatisfied PO to be recognised as at financial period.

The credit terms granted to the customers is 7 days to 30 days. No allccation of transaction price is required as each contract consists of one PO only.

(ii) Over time

The Group also provides contract services where the Group acts as the independent contractor for the purpose of designing and developing an application solution to its customers. The contract comprises a single PO and is measured based on the Group's efforts or inputs to the satisfaction of the PO. The credit terms granted to the customers is 90 days.

The following table shows unsatisfied PO resulting from application solution revenue.

	Group 01.01.2022 to 30.06.2022 RM'000
Total contracted revenue	8,000
Less: Cumulative revenue recognised	(4,600)
Unsatisfied PO as at 30 June 2022	3,400

The remaining unsatisfied PO are expected to be recognised as revenue within the next 1 year.

5. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

	Group 01.01.2022 to 30.06.2022 RM'000	Company 01.01.2022 to 30.06.2022 RM'000
Auditors' remuneration:		
- Statutory audit	62	40
- Other services	3	3
Depreciation of property, plant and equipment	16	-
Discount received	(33)	(1)
Fair value loss on marketable securities	3	-
Employees benefit expenses [Note 5(a)]	884	462
Short term lease	35	18

Profit/(Loss) before tax is arrived at after charging/(crediting): (cont'd)

(a) Employees benefit expenses comprise of:

	Group 01.01.2022 to 30.06.2022 RM'000	Company 01.01.2022 to 30.06.2022 RM'000
Staff costs		
Salaries and wages	408	45
Contributions to defined contribution plan	45	6
	453	51
Executive and Non-executive Directors		
Directors' fee	321	321
Director's salaries	90	72
Director's statutory contribution	11	9
Other emoluments	9	9
	431	411
Total employees benefit expenses	884	462

6. TAX EXPENSE

	Group 01.01.2022 to 30.06.2022 RM'000
Current tax:	
- Current year	311
Deferred tax (Note 20):	
- Relating to origination of temporary differences	(232)
Tax expense for the financial period	79

The tax expense of the Group represents the domestic income tax calculated at Malaysian statutory tax rate of 24% of the estimated assessable profit for the period. There is no under/overprovision of tax in prior year.

No provision for tax has been made in the financial period ended 30 June 2022 for the Company as the Company has no taxable income.

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group 01.01.2022 to 30.06.2022 RM'000	Company 01.01.2022 to 30.06.2022 RM'000
Profit/(Loss) before tax	1,314	(819)
Tax at the Malaysian statutory income tax rate of 24%	315	(197)
Tax effect arising from non-deductible expenses	244	197
Utilisation of previously unrecognised tax losses	(174)	-
Deferred tax recognised on business losses	(306)	-
	79	-

6. TAX EXPENSE (cont'd)

The Group and the Company have estimated unutilised tax losses and unabsorbed capital allowances available for set-off against future taxable profits as follows, of which no deferred tax assets were recognised:

	Group 01.01.2022 to 30.06.2022 RM'000	Company 01.01.2022 to 30.06.2022 RM'000
Unutilised tax losses	123,264	62,945
Unabsorbed capital allowances	2,154	647
	125,418	63,593

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit. In the announcement of Malaysia 2022 Budget, the unutilised tax losses will be allowed to be carried forward for 10 consecutive years of assessment ("YA") (previously 7 YAs) deemed to be effective from YA 2019.

7. BASIC EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share for the financial period is calculated by dividing the profit after tax attributable to the Owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

	Group 01.01.2022 to 30.06.2022
Profit after tax attributable to the Owners of the Company (RM'000)	926
Weighted average number of ordinary shares	
Number of ordinary shares at beginning of the financal period ('000 units)	141,314
Effect of ordinary shares issued pursuant to exercise of Warrants ('000 units)	10,776
Weighted average number of ordinary shares for basic earnings per ordinary share excluding treasury shares ('000 units)	152,090
Basic earnings per ordinary share (sen)	0.61

Diluted earnings per share for the financial period is not computed as the Group has no potential dilutive ordinary shares at the end of financial period.

Registration No.: 198401003091 (115609-U)

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement and office renovation RM'000	Motor vehicles RM'000	Computer software and office equipment RM'000	Total RM'000
Group				
Cost				
At 1 January 2022	125	787	600	1,512
Additions	167	134	921	1,222
At 30 June 2022	292	921	1,521	2,734
Accumulated depreciation				
At 1 January 2022	125	787	600	1,512
Depreciation	2	2	12	16
At 30 June 2022	127	789	612	1,528
Net carrying amount				
At 30 June 2022	165	132	909	1,206
At 1 January 2022	-	-	-	-

Included in the property plant and equipment is an amount of RM810,000 representing the carrying amount of computers that subject to operating leases.

9. INVESTMENT IN SUBSIDIARIES

	Company 30.06.2022 RM'000
Unquoted shares, at cost	
At beginning/end of the financial period	36,099
Less: Accumulated impairment loss	
At beginning/end of the financial period	(36,099)
Net carrying amount	-

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Effective equity interest 30.06.2022 %	Principal activities
Asian Technology Resources Sdn. Bhd.	Malaysia	100.00	Provision of car park management services and investment holding

9. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Effective equity interest 30.06.2022 %	Principal activities
FSBM CTech Sdn. Bhd.	Malaysia	100.00	Development of software applications and systems integration
FSBM Datatech Sdn. Bhd.*	Malaysia	100.00	Investment holding
FSBM I-Centre Sdn. Bhd.*	Malaysia	100.00	Development and delivery of multimedia learning and teaching products and services
FSBM I-Command Sdn. Bhd.*	Malaysia	100.00	Development of intelligent city, municipal and building solutions and the provision of related system engineering services
FSBM I-Design Sdn. Bhd.*	Malaysia	100.00	Provider of enterprise-wide ICT and systems integration services
FSBM Mes Elite Sdn. Bhd. (formerly known as FSBM Learning Media Sdn. Bhd.)*	Malaysia	100.00	Development and delivery of multimedia learning and teaching products and services
FSBM Mantissa (Malaysia) Sdn. Bhd.*	Malaysia	100.00	Development and provision of study plans, programs and courses including instruct, teach and delivery of courses
FSBM MSC Gateway Sdn. Bhd.*	Malaysia	100.00	Provider of communication and networking services
FSBM M2B Sdn. Bhd.*# ("FSBM M2B")	Malaysia	53.66	Contents syndication and distribution, contents aggregation, channel development, electronic programming, consultancy and design
FSBM Net Media Sdn. Bhd.*	Malaysia	100.00	Provider of communication and networking services

Registration No.: 198401003091 (115609-U)

9. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of companies	Country of incorporation	Effective equity interest 30.06.2022 %	Principal activities
FSBM Smart Comm Sdn. Bhd.*	Malaysia	100.00	Property management
Jaring Sekitar Sdn. Bhd.*	Malaysia	100.00	Investment holding
MyUnos Sdn. Bhd.*	Malaysia	100.00	Provider of communication and networking services
Smart 360 Sdn. Bhd.*	Malaysia	100.00	Development and delivery of training products and services for schools and teachers
Unos Sdn. Bhd.*	Malaysia	100.00	Provider of communication and networking services
FSBM Solutions Sdn. Bhd.*	Malaysia	100.00	Provider of managed services including network, security security and IT related services
Subsidiary of Asian Technology Resources Sdn. Bhd.			
Televas Holdings Sdn. Bhd. ("Televas")*#	Malaysia	51.00	Project management

* Not audited by Moore Stephens Associates PLT.

\# Summarised financial information of companies with non-controlling interests is not presented as these companies are not material to the Group.

9. INVESTMENT IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

	FSBM M2B RM'000	Televas RM'000	Total RM'000
Group			
30.06.2022			
NCI percentage of ownership interest and voting interest	46.34%	49.00%	-
Carrying amount of NCI	(824)	(1,266)	(2,090)
Profit allocated to NCI	(1)	4	3

The summarised financial information (before intra-group eliminations) of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	FSBM M2B RM'000	Televas RM'000
Group		
30 June 2022		
Assets and liabilities		
Current assets	2	27
Current liabilities	(1,779)	(2,611)
Net liabilities	(1,777)	(2,584)
Results		
Revenue	-	64
(Loss)/Profits for the financial period, representing total comprehensive income for the financial period	(1)	8
Cash flows (used in)/from:		
- Operating activities	(1)	8

Registration No.: 198401003091 (115609-U)

10. OTHER INVESTMENTS

	Group and Company 30.06.2022 RM'000
At fair value through profit or loss:	
Investment in unquoted shares in Malaysia	
At beginning of the financial period	300
Disposal	(300)
At end of the financial period	-
Changes in fair value:	
At beginning of the financial period	60
Disposal	(60)
At end of the financial period	-
	-

The above investment represents an investment in one entity only and does not have a quoted market price in an active market. The fair value was determined by reference to the call option pursuant to the shareholders agreement dated 23 March 2022 whereby the call option has been exercised during the financial period at a price of RM1.20 per share, totaling 300,000 number of unquoted shares held by the Company, giving a premium on investment of RM0.20 per share.

During the financial period, the investment in unquoted shares has been disposed at a consideration of RM360,000.

The basis of determination of the carrying value of the other investment by the Directors falls within Level 3 of the fair value hierarchy and there were no transfers between all three levels of the fair value hierarchy during the financial period.

11. TRADE RECEIVABLES

The normal credit terms of trade receivables of the Group and of the Company range from 7 to 90 days.

12. OTHER RECEIVABLES

	Group 30.06.2022 RM'000	Company 30.06.2022 RM'000
Other receivables		
- External parties	709	709
- Staff advances	1	-
Deposit	179	-
Prepayment	8	-
	897	709

13. CONTRACT ASSETS

Contract assets solely relate to the Group's right to consideration for work completed on application solution but not yet billed at the reporting date. The amount will be billed within 90 days.

	Group 30.06.2022 RM'000
At beginning of the period	123
Revenue recognised during the period (Note 4)	4,335
Progress billing during the period	(3,815)
At end of the period	643

14. MARKETABLE SECURITIES

	Group 30.06.2022 RM'000
Fair value through profit or loss	
- Investment in quoted shares outside Malaysia	
At beginning of the financial period	7
Fair value loss	(3)
At end of the financial period	4

15. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares 30.06.2022 Unit '000	Amount 30.06.2022 RM'000
Issued and fully paid:		
At 1 January	141,314	10,064
Conversion of Warrants	36,436	14,250
At 30 June	177,750	24,314

In current financial period, 36,436,000 of Warrant 2012/2022 were exercised at an exercise price of RM0.30 per Warrant 2012/2022, hence the Company's paid up share capital has increased from RM10,064,000 to RM24,314,000.

The new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

16. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

Such treasury shares are held at carrying amount of RM712,000 as at financial period end. As at 30 June 2022, the Company had a total of 1,091,000 ordinary shares of its 177,750,000 ordinary shares as treasury shares.

17. WARRANTS RESERVE

	Group and Company	
	Number of ordinary shares 30.06.2022 Unit '000	Amount 30.06.2022 RM'000
At 1 January	49,783	4,534
Exercised	(36,436)	(3,318)
Lapsed	(13,347)	(1,216)
At 30 June	-	-

Warrants 2012/2022

The Company had on 23 May 2012 issued 59,116,530 warrants in conjunction with the Rights Issue. The warrants are constituted by a Deed Poll dated 5 April 2012. The salient features of the warrants are as follows:

(a) Each warrant entitles the registered holder to subscribe for one new ordinary share of RM0.05 each in the Company at an exercise price of RM0.30 per ordinary share;

(b) The exercise price of the warrants are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll;

(c) The warrant holders are not entitled to any voting rights or to participate in any distribution, rights, allotments and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares; and

(d) The warrants are for a period of ten years and expire on 16 May 2022.

The fair value per Warrant on initial recognition on 23 May 2012 was determined to be RM0.09 per Warrant.

As at 16 May 2022, the total number of Warrants that remain unexercised of 36,436,000 units has lapsed.

18. TRADE PAYABLES

The normal trade credit terms granted by the trade creditors to the Group and to the Company range from 1 to 60 days.

19. OTHER PAYABLES

	Note	Group 30.06.2022 RM'000	Company 30.06.2022 RM'000
Other payables			
- External parties		4,010	1,849
- Subsidiaries		-	6,277
Accruals		238	-
Amount owing to Directors	(a)	296	26
		4,544	8,152

(a) Included the amounts are non-trade in nature, unsecured, interest free, and are repayable on demand.

20. DEFERRED TAX ASSETS

	Group 30.06.2022 RM'000
At 1 January	-
Recognised in profit and loss (Note 6)	(232)
At 30 June	(232)

This is in respect of estimated deferred tax liabilities/(assets) arising from temporary differences as follows:

	Group 30.06.2022 RM'000
Deferred tax liability	
Difference between the carrying amount of property, plant and equipment and their tax base	74
Deferred tax asset	
Unutilised business loss	(306)
	(232)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group 30.06.2022 RM'000	Company 30.06.2022 RM'000
Unutilised tax losses	121,988	62,945
Unabsorbed capital allowances	2,154	647
	124,142	63,593

21. RELATED PARTY TRANSACTIONS

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with its subsidiaries, related parties, Directors and key management personnel. Related parties refer to companies in which certain Director of the Company have substantial financial interests and/or are also Directors of the companies.

The related parties' balance is disclosed in Note 19.

Related parties' transactions during the financial period are as follows:

	01.01.2022 to 30.06.2022 RM'000
Group	
Transactions with Directors are as follow:	
Repayment to	(981)
Company	
Transactions with Directors are as follow:	
Repayment to	(742)
Transactions with subsidiaries are as follow:	
Advances to	(2,694)

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel is made up of all the Directors of the Company and its subsidiaries.

The remuneration paid by the Group and the Company to key management personnel during the financial period has been disclosed in Note 5(a).

22. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

Platform design and development	Development of web-based and mobile platforms for customers
Refurbishment services	Refurbishment of pre-owned IT hardware
Lease services	Leasing of IT hardware
Technical support and maintenance services	After-sales service following the completion of platform design and development projects
Others	Principle activities related investment holding, managed security solutions to enable DDoS prctection and provision of smart manufacturing solutions

Except as indicated above, no other operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statements of comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax assets.

Segment liabilities

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax liabilities.

Registration No.: 198401003091 (115609-U)

22. OPERATING SEGMENTS (cont'd)

	Note	Platform design and development RM'000	Refurbish-ment services RM'000	Lease services RM'000	Technical support and maintenance RM'000	Others RM'000	Adjustment & Elimination RM'000	Group RM'000
30.06.2022								
External revenue		4,335	458	24	64	-	-	4,881
Results								
Depreciation		6	-	10	-	-	-	16
Other non-cash expense	(a)	-	-	-	(31)	1	-	(30)
Segment profit from operations		2,189	38	22	31	(1,045)	-	1,235
Assets								
Addition to non-current assets	(b)	402	-	820	-	-	-	1,222
Segment assets	(c)	4,788	-	844	30	6,220	-	11,882
Liabilities								
Segment liabilities	(d)	4,415	-	-	13,647	38,714	(52,193)	4,583

22. OPERATING SEGMENTS (cont'd)

(a) Other material non-cash expenses consist of the following items as presented in the respective notes to the consolidated financial statements:

	Group 30.06.2022 RM'000
Discount received	(33)
Fair value loss on marketable securities	3
	(30)

(b) Additions to non-current assets consist of:

	Group 30.06.2022 RM'000
Property, plant and equipment	1,222

(c) Reconciliation of assets

	Group 30.06.2022 RM'000
Segments assets	11,882
Deferred tax assets	232
	12,114

(d) Reconciliation of liabilities

	Group 30.06.2022 RM'000
Segments liabilities	4,583
Tax payable	311
Total liabilities	4,894

22. OPERATING SEGMENTS (cont'd)

(d) Reconciliation of liabilities (cont'd)

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group 30.06.2022 RM'000
Inter-segment liabilities	(52,193)

23. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group and the Company categorised its financial assets (excluding prepayments) and financial liabilities at amortised cost respectively, except for the investment in marketable securities as disclosed in Note 14 which have been categorised as fair value through profit and loss.

Financial Risk Management Objectives and Policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk and liquidity risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their receivables from customers, contract assets and amounts due from subsidiaries.

There are no significant changes as compared to prior years.

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their receivables from customers and contract assets.

23. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

<u>**Receivables**</u>

Exposure to credit risk, credit quality and collateral

As at the end of the financial period, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the profiles of its trade receivables on an ongoing basis.

At the reporting date, approximately 99% of the Group's gross trade receivables were due from 3 custcmers.

Recognition and measurement

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, the Group assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to prior years.

The Group applies the MFRS 9 simplified approach to measuring Expected Credit Losses ("ECL") which uses a lifetime expected loss allowance for trade receivables.

The Group assesses impairment of trade receivables on individual basis, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner.

Registration No.: 198401003091 (115609-U)

23. FINANCIAL INSTRUMENTS (cont'd)

(a) Credit risk (cont'd)

Impairment losses

The following table provides information about the exposure to credit risk and ECL for trade receivables as 30 June 2022:

	Gross RM'000	Impairment lossess RM'000	Net RM'000
Group			
Trade receivables			
Not past due	3,188	-	3,188
Past due:			
Less than 30 days	339	-	339
More than 30 days	55	-	55
	3,582	-	3,582
Contract assets	643	-	643
	4,225	-	4,225

Credit impaired

Trade receivables that are collectively determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties. These receivables are not secured by any collateral or credit enhancements.

Receivables that are not past due

Trade receivables that are not past due are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

Receivables that are past due but not impaired

The Group has not provided for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable. These trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default. The Group does not hold any collateral or other credit enhancement over these balances.

Cash and cash equivalents

Cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

ECL of other receivables is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position.

There is no impairment loss incurred during the financial period.

23. FINANCIAL INSTRUMENTS (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables.

As disclosed in Note 2(e), the Company has announced the Regularisation Plan and as at the date of this report, are in the midst of submitting the Regularisation Plan to the relevant authorities.

All of the Group's and the Company's liabilities at the reporting date mature within one year or repayable on demand.

24. FAIR VALUES INFORMATION

Financial instruments carried at fair value

The fair value measurement hierarchies used to measure financial assets at fair values in the statements of financial position are disclosed below.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
30.06.2022					
Group					
Financial Asset					
Marketable securities	-	-	4	4	4

There was no material transfer between Level 1, Level 2 and Level 3 during the financial period.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of short-term receivables and payables and cash and cash equivalents approximate their fair values due to relatively short-term nature of these financial instruments and insignificant impact of discounting.

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to maintain an optimal capital structure so as to support its business and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-equity ratio that complies with debt covenants and regulatory. As the Group has no external borrowings, the debt-to-equity ratio is not presented as it does not provide a meaningful indicator of the risk borrowings.

There were no change in the Group's approach to capital management during the financial period.

26. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(a) Contract revenue

On 8 April 2022, the Board of Directors of the Company has announced that FSBM I-Design Sdn Bhd., a wholly-owned subsidiary of the Company, has on 08 April 2022, entered into an application development agreement with Level 01 Technologies Limited ("Hirer") to act as the independent contractor for the Hirer for the purpose of designing and developing an application solution which consist of a web and mobile platform for the Hirer with front end system (Mobile and Web Application) and back end systems based on the objectives and scope of work set out in the agreement ("A&D Agreement").

The total consideration entitled as stipulated in the A&D Agreement is HKD13,000,000, and it is receivable in accordance with the fee structure set out in the A&D Agreement.

The services rendered by the Group to the Hirer is expected to be completed within 16 months from the date of the A&D Agreement in accordance with the scheduled phases of completion as set out in the A&D Agreement.

(b) Practice Note 17 status

The Group has been classified as an affected issuer pursuant to Paragraph 8.03A(2) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") since 17 October 2019 and Paragraph 2.1(d) of Practice Note 17 ("PN17") since 30 December 2019. The Group has submitted the regularisation plan to Bursa Securities on 19 May 2022 and the submitted regularisation plan is yet to receive approval from Bursa Securities.

FSBM HOLDINGS BERHAD
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022

FSBM HOLDINGS BERHAD
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022

Contents

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of distribution of computers, computers related products, education related products, provision of related services, provision of management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Owners of the Company	4,415	586
Non-controlling interests	31	-
	4,446	586

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUANCE OF SHARES OR DEBENTURES

During the financial year, the Company has increased its issued ordinary shares from RM10,064,000 to RM24,314,000 by way of issuance of 36,435,000 new ordinary shares at an issue price of RM0.30 per share pursuant to the exercise of Warrant 2012/2022, which give rise to a transfer of warrant reserve to share capital of RM3,318,000.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no debentures issued during the financial year.

Further information is disclosed in Note 18 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

WARRANTS 2012/2022

During the financial year, 36,436,000 units of Warrant 2012/2022 were exercised at an exercise price of RM0.30 per Warrant 2012/2022. On 16 May 2022, the remaining unexercised warrant of 13,347,000 units expired.

The principal terms of the Warrants 2012/2022 are disclosed in Note 20 to the financial statements.

DIRECTORS OF THE COMPANY

The Directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Tan Hock San @ Tan Hock Ming *	
Mok Kar Foo	
Ng Yew Soon	
Pang Kiew Kun *	
Tan Wan Yen	
Darren Tey Giap Turn	(Appointed on 12 April 2022)
Abdul Jalil Bin Abdul Jamil	(Resigned on 11 March 2022)
Tan Ee Ern *	(Resigned on 11 March 2022)
Dato' Ir Dr Abdul Rahim bin Daud *	(Resigned on 12 April 2022)

* These Directors are also the Director of subsidiaries included in the financial statements of the Group for the financial year ended 31 December 2022.

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries of the Company since the beginning of the financial year to the date of this report excluding those who are already the Directors of the Company are as follows:

Ng Kok Kiong	
Ting Teck Kai	(First Director of newly incorporated subsidiary)
Liew Yew Soon	(appointed on 5 July 2022)

Registration No.: 198401003091 (115609-U)

DIRECTORS' INTERESTS

The interests and deemed interest in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares			
	At 01.01.2022 Unit	**Bought Unit**	**Sold Unit**	**At 31.12.2022 Unit**
Name of Director				
Ordinary shares in the Company				
FSBM Holdings Berhad				
Direct interest:				
- Dato' Tan Hock San @ Tan Hock Ming	17,005,700	-	(17,005,700)	-
- Pang Kiew Kun	-	2,790,000	-	2,790,000
- Tan Wan Yen	1,900	-	-	1,900
Indirect interest*:				
Sanyee Corporation Sdn. Bhd.				
- Dato' Tan Hock San @ Tan Hock Ming	22,008,200	-	(21,902,000)	106,200
- Tan Wan Yen	21,412,000	-	(21,412,000)	-

	Number of Warrants 2012/2022			
	At 01.01.2022 Unit	**Exercised Unit**	**Expired Unit**	**At 31.12.2022 Unit**
Warrants 2012/2022				
Direct interest:				
- Dato' Tan Hock San @ Tan Hock Ming	4,200	-	(4,200)	-
- Dato' Ir Dr Abdul Rahim bin Daud	24,500	-	(24,500)	-
- Tan Wan Yen	5,700	-	(5,700)	-
- Pang Kiew Kun	2,790,000	(2,790,000)	-	-
Indirect interest*:				
- Dato' Tan Hock San @ Tan Hock Ming	11,028,600	-	(11,028,600)	-
- Tan Wan Yen	10,778,000	-	(10,778,000)	-

* Indirect interest (shares held by companies in which the Director is deemed to have an interest and/or shares held by children).

The Directors in office at the end of the financial year do not have any interest in the ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company or its subsidiaries for their services to the Company or its subsidiaries were as follows:

	Company RM'000
Directors' fee	366
Directors' salaries	144
Contributions to statutory contribution	18
Other emoluments	28
	556

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) 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 other than as disclosed in Note 24 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the Warrants 2012/2022 held by certain Directors, which have expired during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

  (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent;

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

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

  (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

Registration No.: 198401003091 (115609-U)

OTHER STATUTORY INFORMATION (cont'd)

(c) At the date of this report, there does not exist:

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

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

(d) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

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

(e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries are disclosed in Note 5 to the financial statements.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.

(g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company and its subsidiaries.

SIGNIFICANT EVENT

The details of the significant event during the financial year are disclosed in Note 30 to the financial statements.

Registration No.: 198401003091 (115609-U)

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 17 April 2023.

TAN WAN YEN

PANG KIEW KUN

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 12 to 78 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 17 April 2023.

TAN WAN YEN

PANG KIEW KUN

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, Wong Jing Kai, being the Officer primarily responsible for the financial management of the Group and of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 12 to 78 are to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by the abovenamed at PETALING JAYA SELANGOR on 17 April 2023

WONG JING KAI

Before me,

COMMISSIONER FOR OATHS
NO. B362
RAYMOND CHA KAR SIANG
BC/C/686
1/1/2021-31/12/2023
MALAYSIA

Suite 607, 6th Floor,
Block E, Phileo Damansara 1,
9, Jalan 16/11,
Off Jalan Damansara,
46350 Petaling Jaya, Selangor

MOORE

Moore Stephens Associates PLT
[201304000972 (LLP0000963-LCA)]
Chartered Accountants [AF002096]
Unit 3.3A, 3rd Floor, Surian Tower
No. 1 Jalan PJU 7/3, Mutiara Damansara
47810 Petaling Jaya, Selangor, Malaysia

T +603 7728 1800 (General) ; 7724 1033 (Assurance)
F +603 7728 9800 (General) ; 7733 1033 (Assurance)

www.moore.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSBM HOLDINGS BERHAD
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statement of FSBM Holdings Berhad, which comprise the statement of financial position as at 31 December 2022 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 78.

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

Basis for Opinion

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

Independence and Other Ethical Requirements

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

Key Audit Matters

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

We have determined that there are no key audit matters to communicate in our report.

MOORE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FSBM HOLDINGS BERHAD (cont'd)
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

Emphasis of Matters

(i) Without qualifying our opinion, we draw attention to Note 30 to the financial statements which discloses the Practice Note 17 status of the Company.

(ii) Reference is made to our audit report dated 14 April 2022 for the financial year ended 31 December 2021 whereby a Disclaimer of Opinion was issued pertaining to opening balances and going concern matters.

The adjustments found to be necessary in respect of the matters pertaining to opening balances may consequently have significant impact on the Statements of Comprehensive Income and Statements of Cash Flows of the Group and of the Company, including related disclosures, for the financial year ended 31 December 2021 and prior, whereby we were unable to obtain sufficient appropriate audit evidence as to correct accounting period in which the adjustments had pertained to.

The matter described above no longer have possible effects on the figures presented in the Statements of Financial Position of the Group and of the Company as at 31 December 2021.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the Annual 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 of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Statements of the Company

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

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

MOORE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FSBM HOLDINGS BERHAD (cont'd)
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

MOORE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FSBM HOLDINGS BERHAD (cont'd)
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

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

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

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

Other Matter

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

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

CHUAH SOO HUAT
03002/07/2024 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 17 April 2023

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	12,514	405	1,097	-
Cost of sales		(6,303)	(224)	-	-
Gross profit		6,211	181	1,097	-
Other income		1,436	2,394	1,180	1,039
Administrative expenses		(1,176)	(48)	(802)	(32)
Selling and marketing expenses		(136)	(4)	(69)	(4)
Other expenses		(1,490)	(11,793)	(820)	(1,918)
Profit/(Loss) from operations		4,845	(9,270)	586	(915)
Finance cost		(8)	-	-	-
Profit/(Loss) before tax	5	4,837	(9,270)	586	(915)
Tax expense	6	(391)	-	-	-
Profit/(Loss) net of tax, for the financial year representing total comprehensive income for the financial year		4,446	(9,270)	586	(915)
Total comprehensive income attributable to:					
Owners of the Company		4,415	(9,326)	586	(915)
Non-controlling interests		31	56	-	-
		4,446	(9,270)	586	(915)
Basic earning/(loss) per ordinary share (sen)	7	2.69	(6.65)		

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Plant and equipment	8	1,873	-	-	-
Right-of-use assets	9	169	-	-	-
Intangible assets	10	405	-	5	-
Investment in subsidiaries	11	-	-	100	-
Other investments	12	-	360	-	360
Deferred tax assets	13	268	-	-	-
		2,715	360	105	360
Current assets					
Trade receivables	14	5,045	153	1,097	-
Other receivables	15	1,356	-	6,923	-
Contract assets	16	818	123	-	-
Marketable securities	17	4	7	-	-
Tax recoverable		-	-	-	-
Cash and cash equivalents		4,503	229	832	19
		11,726	512	8,852	19
TOTAL ASSETS		14,441	872	8,957	379

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (cont'd)

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	18	24,314	10,064	24,314	10,064
Treasury shares	19	(712)	(712)	(712)	(712)
Warrants reserve	20	-	4,534	-	4,534
Accumulated losses		(11,109)	(16,740)	(24,168)	(25,970)
Equity attributable to Owners of the Company		12,493	(2,854)	(566)	(12,084)
Non-controlling interests		(2,062)	(2,093)	-	-
Total equity		10,431	(4,947)	(566)	(12,084)
LIABILITIES					
Non-current liabilities					
Lease liabilities	21	77	-	-	-
Deferred tax liabilities	13	166	-	-	-
		243	-	-	-
Current liabilities					
Trade payables	22	1,242	76	32	32
Other payables	23	2,238	5,743	9,491	12,431
Lease liabilities	21	94	-	-	-
Tax payables		193	-	-	-
		3,767	5,819	9,523	12,463
TOTAL LIABILITIES		4,010	5,819	9,523	12,463
TOTAL EQUITY AND LIABILITIES		14,441	872	8,957	379

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	← Attributable to Owners of the Company →						
	← Non-distributable →						
	Share Capital RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
2021							
Group							
At 1 January 2021	10,064	(712)	4,534	(7,414)	6,472	(2,149)	4,323
Loss net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	(9,326)	(9,326)	56	(9,270)
At 31 December 2021	10,064	(712)	4,534	(16,740)	(2,854)	(2,093)	(4,947)

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (cont'd)

	Attributable to Owners of the Company						
	Non-distributable						
	Share Capital RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
2021							
Group							
At 1 January 2021	10,064	(712)	4,534	(7,414)	6,472	(2,149)	4,323
Loss net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	(9,326)	(9,326)	56	(9,270)
At 31 December 2021	10,064	(712)	4,534	(16,740)	(2,854)	(2,093)	(4,947)
2022							
Group							
At 1 January 2022	10,064	(712)	4,534	(16,740)	(2,854)	(2,093)	(4,947)
Transactions with Owners of the Company:							
Conversion of Warrants	14,250	-	(3,318)	-	10,932	-	10,932
Expiry of Warrants	-	-	(1,216)	1,216	-	-	-
Total transactions with Owners of the Company	14,250	-	(4,534)	1,216	10,932	-	10,932
Profit net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	4,415	4,415	31	4,446
At 31 December 2022	24,314	(712)	-	(11,109)	12,493	(2,062)	10,431

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (cont'd)

	← Non-distributable		→		
	Share Capital RM'000	**Treasury Shares RM'000**	**Warrants Reserve RM'000**	**Accumulated Losses RM'000**	**Total Equity RM'000**
2021					
Company					
At 1 January 2021	10,064	(712)	4,534	(25,055)	(11,169)
Loss net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	(915)	(915)
At 31 December 2021	10,064	(712)	4,534	(25,970)	(12,084)
2022					
Company					
At 1 January 2022	10,064	(712)	4,534	(25,970)	(12,084)
Transactions with Owners of the Company:					
Conversion of Warrants	14,250	-	(3,318)	-	10,932
Expiry of Warrants	-	-	(1,216)	1,216	-
Total transactions with Owners of the Company	14,250	-	(4,534)	1,216	10,932
Profit net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	586	586
At 31 December 2022	24,314	(712)	-	(24,168)	(566)

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities					
Profit/(Loss) before tax		4,837	(9,270)	586	(915)
Adjustments for:					
Depreciation of plant and equipment		236	-	-	-
Depreciation of right-of-use assets		64	-	-	-
Fair value loss on marketable securities		3	278	-	-
Fair value gain on other investments		-	(60)	-	(60)
Impairment loss on amount due from subsidiaries		-	-	175	-
Interest expense on lease liabilities		8	-	-	-
Reversal of impairment loss on investment in subsidiary		-	-	(100)	-
Reversal of accruals no longer required		(1,387)	-	(1,063)	-
Unrealised loss on foreign exchange		80	-	-	-
Write off of:					
- Trade receivables		-	6,174	-	5
- Other receivables		-	2,348	-	340
- Tax recoverable		-	35	-	-
- Plant and equipment		-	7	-	-
Write back of:					
- Trade payables		-	(667)	-	(157)
- Other payables		-	(1,417)	-	(734)
Operating profit/(loss) before changes in working capital		3,841	(2,572)	(402)	(1,521)
Changes in working capital:					
Receivables		(6,328)	(125)	(2,084)	(164)
Payables		295	1,830	(1,088)	1,147
Contract assets		(695)	(123)	-	-
Cash used in operations		(2,887)	(990)	(3,574)	(538)
Income tax paid		(300)	-	-	-
Interest paid		(8)	-	-	-
Net cash used in operating activities		(3,195)	(990)	(3,574)	(538)

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (cont'd)

		Group		Company	
		2022	**2021**	**2022**	**2021**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash Flows from Investing Activities					
Purchase of plant and equipment		(2,109)	-	-	-
Additions of intangible assets		(405)	-	(5)	-
Proceed from disposal of other invesment		360	-	360	-
Advance to subsidiaries		-	-	(6,111)	-
Net cash used in investing activities		(2,154)	-	(5,756)	-
Cash Flows from Financing Activities					
Repayment to subsidiaries	(ii)	-	-	(23)	(234)
(Repayment to)/Advance from Directors	(ii)	(1,247)	1,174	(766)	768
Proceed from issuance of shares	18	10,932	-	10,932	-
Repayment of lease liabilities	(i)(ii)	(62)	-	-	-
Net cash from financing activities		9,623	1,174	10,143	534
Net increase/(decrease) in cash and cash equivalents		4,274	184	813	(4)
Cash and cash equivalents at beginning of the financial year		229	45	19	23
Cash and cash equivalents at end of the financial year		4,503	229	832	19

Cash and cash equivalents represent cash and bank balances only.

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (cont'd)

Note:

(i) Cash outflow for leases as a lessee is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
	RM	**RM**	**RM**	**RM**
Included in net cash used in operating activities:				
- Interest paid in relation to lease liabilities	8	-	-	-
- Payment related to short-term leases	25	75	21	75
Included in net cash from financing activities:				
- Payment for the principal portion of lease liabilities	62	-	-	-
Total cash outflows for leases	95	75	21	75

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Lease liabilities RM'000	Amount due to Directors RM'000
Group		
2022		
At beginning of the financial year	-	1,277
Addition of leases	233	-
Interest	8	-
Repayment	(70)	(1,247)
Net changes from financing cash flows	(62)	(1,247)
At end of the financial year	171	30

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (cont'd)

Note: (cont'd)

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities: (cont'd)

	Amount due to Directors RM'000
Group	
2021	
At beginning of the financial year	103
Advances from, representing net changes from financing cash flows	1,174
At end of the financial year	1,277

	Amount due to subsidiaries RM'000	**Amount due to Directors RM'000**
Company		
2022		
At beginning of the financial year	8,971	768
Repayment to, representing net changes from financing cash flows	(23)	(766)
At end of the financial year	8,948	2
2021		
At beginning of the financial year	9,205	-
Advances from	-	768
Repayment to	(234)	-
Net changes from financing cash flows	(234)	768
At end of the financial year	8,971	768

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

The principal place of business of the Company is located at A-2-6, Glomac Damansara, 699, Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

The principal activities of the Company consist of distribution of computers, computers related products, education related products, provision of related services, provision of management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 11. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 17 April 2023.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncement that are effective and adopted during the financial year

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 to 2020	

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and the Company.

Registration No.: 198401003091 (115609-U)

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

(ii) Accounting pronouncement that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sales and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial applications.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to nearest thousand (RM'000) except when otherwise indicated.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's result of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

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

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are set out below.

Platform design and development revenue (over time)

The Group measures the performance of platform design and development work done by comparing the actual costs incurred with the estimated total costs required to complete the project. Significant judgements are required to estimate the total costs to complete. In making estimates, management relies on professionals' estimates and also on past experience of completed projects. A change in estimates will directly affect the revenue to be recognised.

Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

For other receivables and amounts due from subsidiaries, the Group and the Company apply the approach permitted by MFRS 9, which requires the Group and the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements unless otherwise stated.

(a) Basis of consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

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

Registration No.: 198401003091 (115609-U)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Consolidation (cont'd)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference recognised directly in equity and attributed to Owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

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

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

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

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Registration No.: 198401003091 (115609-U)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Business combination (cont'd)

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combinations is taken to equity.

Subsidiaries

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

Non-Controlling Interests

Non-controlling interest in a partly-owned subsidiary represents its share of net assets, other than goodwill, of the subsidiary and is presented as a component of equity separately from owner's equity. Non-controlling interest is initially measured at acquisition-date share of net assets other than goodwill as of the acquisition date and is subsequently adjusted for the changes in the net assets of the subsidiary after the acquisition date.

The Group treats a change in a parent's controlling interest in a subsidiary that does not result in a loss of control as a transaction with equity holders in their capacity as equity holders. Accordingly, the carrying amount of the non-controlling interest is adjusted to reflect the change in the parent's interest in the subsidiary's net assets. Any difference between the amount by which the non-controlling interest is so adjusted and the fair value of the consideration paid or received, if any, is recognised directly in equity and attributed to the Owners of the Company.

Transactions eliminated on consolidation

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Transactions eliminated on consolidation (cont'd)

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in functional currencies using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year except for exchange differences arising on monetary items that form part of the Group's and of the Company's net investment in foreign operation.

(c) Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expeoted value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue recognition (cont'd)

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

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

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of indirect taxes.

Platform design and development

Over time

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation. In making the estimate, management relies on opinion/services of experts, past experience and a continuous monitoring mechanism.

Point in time

Revenue from services rendered is recognised upon performance of services, net of discounts.

The Group entered into short-term contract with customer to provide contractual services in respect of development of web-based and mobile application for customers. Revenue is recognised at point in time when service has been performed and customer acceptance has been obtained.

Refurbishment services

Revenue from sales of refurbishment of pre-owned Information Technology ("IT") hardware is recognised at point in time upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and services taxes and discounts.

Management fees

Management fees are recognised at point in time when services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue recognition (cont'd)

Smart manufacturing solutions

Revenue from smart manufacturing solutions is recognised at point in time when performance obligation is delivered.

The Group entered into short-term contract with customer to provide contractual services in respect of system integration, commissioning and setup services for customers. Revenue is recognised at point in time when service has been performed and customer acceptance has been obtained.

Technical support and maintenance services

Over time

Revenue from after-sales service is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

Point in time

Revenue from technical support and maintenance services is recognised at point in time when services are rendered based on monthly usage by respective customers.

Managed security service

Revenue from managed security services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance. The duration of the operational support generally takes 24 months to complete.

Lease services

Rental income is recognised over time on a straight-line basis over the term of the lease agreement.

Other services

Revenue from other services related to provision of IT-related services. Revenue is recognised at point in time upon deliverable of services, net of sales and services taxes and discounts.

(d) Employee benefit

(i) Short term employee benefits

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Employee benefit (cont'd)

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(e) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leases

As a lessee

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

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined as follow:

Office premises	Over the lease term of 2 to 3 years

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3(m)(ii).

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group and the Company change its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(h) Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Registration No.: 198401003091 (115609-U)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Plant and equipment (cont'd)

(iii) Depreciation (cont'd)

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of plant and equipment at the following annual rates:

Leasehold improvement and office renovation	3 to 10 years
Motor vehicles	5 years
Furniture, fittings and office equipment	6 to 10 years
Computer hardware and software	4 to 5 years

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

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

(i) Intangible assets

<u>Trademark</u>

The cost of trademark is recognised as an intangible asset. At initial recognition, trademark is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Trademark, which is considered to have definite useful live, is amortised over 10 years, from the date of registration.

<u>Software development</u>

The cost for software development is capitalised as an intangible asset. Costs include their purchase prices and any directly attributable costs of preparing the assets for their intended use. These costs are amortised on a straight line basis over the period the asset is expected to generate economic benefits. Software development, which is considered to have definite useful live, is amortised over 10 years, from the date of available for use.

<u>Amortisation</u>

Amortisation is calculated based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired. The policy for the recognition and measurement of impairment loss is in accordance with Note 3(m)(ii).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Contract assets and liabilities

Contract assets and liabilities in development contracts represent the timing differences in revenue recognition and the milestone billings. Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issue billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(l) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Registration Nc.: 198401003091 (115609-U)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

***Financial* assets** (cont'd)

(a) Amortised cost

The amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 3(m)(i)] where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through proflt or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment under Note 3(m)(i).

Financial liabilities

Amortised cost

Other financial liabilities categorized as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

Registration No.: 198401003091 (115609-U)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Financial instruments (cont'd)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

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

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(m) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, contract assets and lease receivables. ECL is a probability-weighted estimate of credit losses.

Loss allowances of the Group and the Company are measured on either of the following bases:

(i) 12-month ECL – represents the ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECL – represents the ECL that will result from all possible default events over the expected life of a financial instrument or contract asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment (cont'd)

(i) Financial assets (cont'd)

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach – trade receivables

The Group and the Company apply the simplified approach to provide ECL for all trade receivables as permitted by MFRS 9. The simplified approach requires expected lifetime losses to recognised from initial recognition of the receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where applicable.

General approach – other financial instruments

The Group and the Company apply the general approach to provide for ECL on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECL.

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and to the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset suffers past due events.

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

Credit Impaired financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment (cont'd)

(i) Financial assets (cont'd)

Credit Impaired financial assets (cont'd)

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

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

(ii) 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. 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.

Registration No.: 198401003091 (115609-U)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment (cont'd)

(ii) Non-financial assets (cont'd)

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

(n) Equity instruments

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

<u>Ordinary shares</u>

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

<u>Treasury shares</u>

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, re-issuance or cancellation of treasury shares.

When treasury shares are re-issued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Registration No.: 198401003091 (115609-U)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Operating segments

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

(q) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Contingent assets

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(s) Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

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

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Registration No.: 198401003091 (115609-U)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Warrants reserve

Rights Issue with Warrants

Total proceeds received by the Company arising from the Rights Issue with warrants are allocated to two types of equity instruments i.e. share capital and warrants. The amount allocated to warrants represent the fair value of the warrants issued and are credited to a warrants reserve account which is non-distributable. The warrants reserve is transferred to the share capital account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

Bonus Issue of Warrants

As there are nc proceeds received by the Company arising from the Bonus Issue of warrants, accordingly, no allocation of proceeds is required to account for the fair value of warrants issued.

4. REVENUE

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Point in time					
Platform design and development		3,748	-	-	-
Refurbishment services		458	-	-	-
Management fees		-	-	1,097	-
Smart manufacturing solutions		784	-	-	-
Technical support and maintenance		128	140	-	-
Others		87	-	-	-
		5,205	140	1,097	-
Over time					
Platform design and development	(i)	6,465	265	-	-
Technical support and maintenance	(ii)	33	-	-	-
Managed security service	(iii)	500	-	-	-
Lease services	(iv)	311	-	-	-
		7,309	265	-	-
		12,514	405	1,097	-

The accounting policy for the Group's revenue is disclosed in Note 3(c).

Registration No.: 198401003091 (115609-U)

4. REVENUE (cont'd)

The following table shows unsatisfied PO resulting from the platform design and development, technical support and maintenance, managed security service and lease services:

(i) Platform design and development

	Group 2022 RM'000	2021 RM'000
Total contracted revenue	8,000	2,850
Less: Cumulative revenue recognised		
- on-going contracts	(3,730)	(265)
- completed during the year	(3,000)	-
Unsatisfied PO as at 31 December	1,270	2,585

The remaining unsatisfied PO are expected to be recognised as revenue within the next 12 months (2021: 12 months).

(ii) Technical support and maintenance

	Group 2022 RM'000	2021 RM'000
Total contracted revenue	198	-
Less: Cumulative revenue recognised		
- on-going contracts	(33)	-
Unsatisfied PO as at 31 December	165	-

The remaining unsatisfied PO are expected to be recognised as revenue within the next 12 months (2021: Nil).

(iii) Managed security service

	Group 2022 RM'000	2021 RM'000
Total contracted revenue	2,139	-
Less: Cumulative revenue recognised		
- on-going contracts	(500)	-
Unsatisfied PO as at 31 December	1,639	-

The remaining unsatisfied PO are expected to be recognised as revenue within the next 24 months (2021: Nil).

Registration No.: 198401003091 (115609-U)

4. REVENUE (cont'd)

The following table shows unsatisfied PO resulting from the platform design and development, technical support and maintenance, managed security service and lease services: (cont'd)

(iv) Lease services

	Group 2022 RM'000	Group 2021 RM'000
Total contracted revenue	1,723	-
Less: Cumulative revenue recognised		
- on-going contracts	(311)	-
Unsatisfied PO as at 31 December	1,412	-

The remaining unsatisfied PO are expected to be recognised as revenue within the next 36 months (2021: Nil).

5. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Auditors' remuneration:				
- Statutory audit	168	138	80	80
- Other services	5	5	5	5
Depreciation of property, plant and equipment	236	-	-	-
Depreciation of right-of-use assets	64	-	-	-
Fair value loss on marketable securities	3	278	-	-
Fair value gain on other investments	-	(60)	-	(60)
Employees benefit expenses [Note 5(a)]	2,489	31	749	32
Impairment loss on amount due from subsidiaries	-	-	175	-
Interest expense on lease liabilities	8	-	-	-
Loss on foreign exchange:				
- Realised	14	-	-	-
- Unrealised	80	-	-	-
Reversal of impairment loss on investment in subsidiaries	-	-	(100)	-
Reversal of accruals no longer required	(1,387)	-	(1,063)	-
Short-term leases	25	75	21	75

Registration No.: 198401003091 (115609-U)

5. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(Loss) before tax is arrived at after charging/(crediting): (cont'd)

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Write off of:				
- Trade receivables	-	6,174	-	5
- Other receivables	-	2,348	-	340
- Tax recoverable	-	35	-	-
- Plant and equipment	-	7	-	-
Write back of:				
- Trade payables	-	(667)	-	(157)
- Other payables	-	(1,417)	-	(734)

(a) Employees benefit expenses comprise of:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Staff costs				
Salaries and wages	1,615	29	171	15
Contributions to statutory contribution	188	2	22	-
	1,803	31	193	15
Executive and Non-executive Directors				
Directors of the Company				
Directors' fee	366	-	366	-
Directors' salaries	144	-	144	-
Contributions to statutory contribution	18	-	18	-
Other emoluments	28	-	28	17
	556	-	556	17
Directors of subsidiaries				
Directors' salaries	114	-	-	-
Contributions to statutory contribution	16	-	-	-
	130	-	-	-
Total employees benefit expenses	2,489	31	749	32

Registration No.: 198401003091 (115609-U)

6. TAX EXPENSE

No provision for tax has been made in the financial year ended 31 December 2022 and 31 December 2021 for the Company as the Company has no taxable income.

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

	Group	
	2022	**2021**
	RM'000	**RM'000**
Current tax:		
- Current year	493	-
Deferred tax (Note 13):		
- Relating to origination or reversal of temporary differences	(102)	-
Tax expense for the financial year	391	-

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) before tax	4,837	(9,270)	586	(915)
Tax at the Malaysian statutory income tax rate of 24% (2021: 24%)	1,161	(2,225)	141	(220)
Income not subject to tax	(169)	-	(114)	-
Tax effect arising from non-deductible expenses	76	2,225	41	220
Utilisation of previously unrecognised tax losses	(706)	-	(68)	-
Deferred tax recognised on tax losses	29	-	-	-
	391	-	-	-

Registration No.: 198401003091 (115609-U)

6. TAX EXPENSE (cont'd)

The Group and the Company have estimated unutilised tax losses and unabsorbed capital allowances available for set-off against future taxable profits as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised tax losses	122,300	123,989	62,660	62,945
Unabsorbed capital allowances	2,136	2,154	647	647
	124,436	126,143	63,307	63,592

The comparative figures have been restated to reflect the actual unutilised tax losses and unabsorbed capital allowances carry forward available to the Group and the Company.

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit.

The unutilised tax losses will be allowed to be carried forward for 10 consecutive years of assessment ("YA") (previously 7 YAs) deemed to be effective from YA 2019.

7. BASIC EARNING/(LOSS) PER ORDINARY SHARE

Basic earning/(loss) per ordinary share for the financial year is calculated by dividing the profit/(loss) after tax attributable to the Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2022	2021
Profit/(Loss) after tax attributable to the Owners of the Company (RM'000)	4,415	(9,326)
Weighted average number of ordinary shares (excluding treasury shares)		
Number of ordinary shares at beginning of the financal year ('000 units)	140,224	140,224
Effect of ordinary shares issued pursuant to exercise of Warrants ('000 units)	23,711	-
Weighted average number of ordinary shares for basic earning/(loss) per ordinary share excluding treasury shares ('000 units)	163,935	140,224
Basic earning/(loss) per ordinary share (sen)	2.69	(6.65)

Diluted earning/(loss) per share for the financial year is not computed as the Group has no potential dilutive ordinary shares at the end of the financial year.

Registration No.: 198401003091 (115609-U)

8. PLANT AND EQUIPMENT

	Computer hardware and software RM'000	Leasehold improvement and office renovation RM'000	Motor vehicles RM'000	Furniture fittings and office equipment RM'000	Total RM'000
2022					
Group					
Cost					
At 1 January	-	-	-	-	-
Additions	1,596	326	134	53	2,109
At 31 December	1,596	326	134	53	2,109
Accumulated depreciation					
At 1 January	-	-	-	-	-
Charge for the financial year	201	17	16	2	236
At 31 December	201	17	16	2	236
Net carrying amount					
At 31 December	1,395	309	118	51	1,873

Registration No.: 198401003091 (115609-U)

8. PLANT AND EQUIPMENT (cont'd)

	Leasehold improvement and office renovation RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Total RM'000
2021				
Group				
Cost				
At 1 January	125	787	600	1,512
Written off	(125)	(787)	(600)	(1,512)
At 31 December	-	-	-	-
Accumulated depreciation				
At 1 January	125	786	594	1,505
Written off	(125)	(786)	(594)	(1,505)
At 31 December	-	-	-	-
Net carrying amount				
At 31 December	-	-	-	-

	Leasehold improvement and office renovation RM'000	Motor vehicles RM'000	Total RM'000
2021			
Company			
Cost			
At 1 January	90	647	737
Written off	(90)	(647)	(737)
At 31 December	-	-	-
Accumulated depreciation			
At 1 January	90	647	737
Written off	(90)	(647)	(737)
At 31 December	-	-	-
Net carrying amount			
At 31 December	-	-	-

Included in computer hardware and software of the Group is an amount of RM1,250,000 (2021: Nil) representing the carrying amount of computers that are leased to customers.

Registration No.: 198401003091 (115609-U)

9. RIGHT-OF-USE-ASSETS

	2022 RM'000
Group	
Office premises	
Cost	
At 1 January	-
Addition	233
At 31 December	233
Accumulated depreciation	
At 1 January	-
Charge for the financial year	64
At 31 December	64
Net carrying amount	
At 31 December	169

The expenses charged to profit or loss during the financial year are as follows: -

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Depreciation of right-of-use assets	64	-	-	-
Interest expense on lease liabilities	8	-	-	-
Short-term leases	25	75	21	75

The Group leases several office premises with lease terms that run between 2 to 3 years with an option to renew the leases after the expiry date.

10. INTANGIBLE ASSETS

	Software development RM'000	Trademark RM'000	Total RM'000
2022			
Group			
Cost			
At 1 January	-	-	-
Additions	400	5	405
At 31 December, representing net carrying amount	400	5	405

10. INTANGIBLE ASSETS (cont'd)

	Trademark RM'000
2022	
Company	
Cost	
At 1 January	-
Addition	5
At 31 December, representing net carrying amount	5

Software development

These relate to development costs in respect of the enhancement and continuing development of the Manufacturing Execution System ("MES system"). The amortisation will begin when the Group launches the enhanced modules commercially.

Trademark

Trademark relates to the intellectual property registered by the Group and the Company with an estimated useful life of 10 years. The amortisation is immaterial to be recognised since the trademark was registered in September 2022.

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost		
At beginning of the financial year	36,099	36,099
Add: Addition	*	-
At end of the financial year	36,099	36,099
Less: Accumulated impairment loss		
At beginning of the financial year	(36,099)	(36,099)
Reversal	100	-
At end of the financial year	(35,999)	(36,099)
Net carrying amount	100	-

* representing RM2

Reversal of impairment losses on investment in subsidiaries is on the basis of its respective recoverable amount exceeding its carrying amount but not exceeding the initial cost of investment.

11. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Effective equity interest 2022 %	2021 %	Principal activities
Asian Technology Resources Sdn. Bhd.* #	Malaysia	100.00	100.00	Provision of car park management services and investment holding
FSBM CTech Sdn. Bhd. #	Malaysia	100.00	100.00	Development of software applications and systems integration
FSBM Datatech Sdn. Bhd.* #	Malaysia	100.00	100.00	Investment holding
FSBM I-Centre Sdn. Bhd.* #	Malaysia	100.00	100.00	Development and delivery of multimedia learning and teaching products and services
FSBM I-Command Sdn. Bhd.* #	Malaysia	100.00	100.00	Development of intelligent city, municipal and building solutions and the provision of related system engineering services
FSBM I-Design Sdn. Bhd.	Malaysia	100.00	100.00	Provider of enterprise-wide ICT and systems integration services
FSBM Mes Elite Sdn. Bhd. (formerly known as FSBM Learning Media Sdn. Bhd.)*	Malaysia	100.00	100.00	Development in manufacturing execution system software and system integration services
FSBM Mantissa (Malaysia) Sdn. Bhd.* #	Malaysia	100.00	100.00	Development and provision of study plans, programs and courses including instruct, teach and delivery of courses
FSBM MSC Gateway Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services

Registration No.: 198401003091 (115609-U)

11. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of companies	Country of incorporation	Effective equity interest 2022 %	2021 %	Principal activities
FSBM M2B Sdn. Bhd.* # ("FSBM M2B")	Malaysia	53.66	53.66	Contents syndication and distribution, contents aggregation, channel development, electronic programming, consultancy and design
FSBM Net Media Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services
FSBM Smart Comm Sdn. Bhd.* #	Malaysia	100.00	100.00	Property management
Jaring Sekitar Sdn. Bhd.* #	Malaysia	100.00	100.00	Provision of car park management and investment holding
MyUnos Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services
FSBM Smart 360 Sdn. Bhd.* #	Malaysia	100.00	100.00	Development and delivery of training products and services for schools and teachers
Unos Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services
FSBM Solutions Sdn. Bhd.*	Malaysia	100.00	-	Provider of network security solutions and other information technology related services
Subsidiary of Asian Technology Resources Sdn. Bhd.				
Televas Holdings Sdn. Bnd. ("Televas")*	Malaysia	51.00	51.00	Project management

* Not audited by Moore Stephens Associates PLT.
\# Currently inactive.

Registration No.: 198401003091 (115609-U)

11. INVESTMENT IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

	FSBM M2B RM'000	Televas RM'000	Total RM'000
Group			
2022			
NCI percentage of ownership interest and voting interest	46.34%	49.00%	-
Carrying amount of NCI	(825)	(1,237)	(2,062)
(Loss)/Profit allocated to NCI	(2)	33	31
2021			
NCI percentage of ownership interest and voting interest	46.34%	49.00%	-
Carrying amount of NCI	(823)	(1,270)	(2,093)
Profit allocated to NCI	3	53	56

The summarised financial information (before intra-group eliminations) of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	FSBM M2B RM'000	Televas RM'000
Group		
2022		
Assets and liabilities		
Current assets	2	71
Current liabilities	(1,782)	(2,595)
Net liabilities	(1,780)	(2,524)
Results		
Revenue	-	128
(Loss)/Profit for the financial year, representing total comprehensive income for the financial year	(4)	68
Cash flows (used in)/from:		
- Operating activities	(4)	50

11. INVESTMENT IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries (cont'd)

The summarised financial information (before intra-group eliminations) of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (cont'd)

	FSBM M2B RM'000	Televas RM'000
Group		
2021		
Assets and liabilities		
Current assets	2	11
Current liabilities	(1,778)	(2,603)
Net liabilities	(1,776)	(2,592)
Results		
Revenue	-	140
Profits for the financial year, representing total comprehensive income for the financial year	6	109
Cash flows used in:		
- Operating activities	*	(1)

* Represents RM91

12. OTHER INVESTMENTS

	Group and Company 2022 RM'000	Group and Company 2021 RM'000
At fair value through profit or loss:		
Investment in unquoted shares in Malaysia		
At 1 January	300	300
Disposal	(300)	-
At 31 December	-	300
Changes in fair value:		
At 1 January	60	-
Fair value gain	-	60
Disposal	(60)	-
At 31 December	-	60
	-	360

12. OTHER INVESTMENTS (cont'd)

The above investment represents an investment in one entity only and does not have a quoted market price in an active market. The fair value was determined by reference to the call option pursuant to the shareholders agreement dated 23 March 2022 whereby the call option has been exercised during the financial year at a price of RM1.20 per share, totaling 300,000 number of unquoted shares held by the Company, giving a premium on investment of RM0.20 per share.

The basis of determination of the carrying value of the other investment by the Directors falls within Level 3 of the fair value hierarchy and there were no transfers between all three levels of the fair value hierarchy in prior financial year.

During the financial year, the investment in unquoted shares has been disposed at a consideration of RM360,000 on 15 June 2022.

13. DEFERRED TAX (ASSETS)/LIABILITIES

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
At beginning of the financial year	-	-
Recognised in profit or loss (Note 6)	(102)	-
At end of the financial year	(102)	-
Presented after appropriate offsetting:		
- Deferred tax assets	(329)	-
- Deferred tax liabilities	227	-
	(102)	-
Represented by:		
Deferred tax assets	(268)	-
Deferred tax liabilities	166	-
	(102)	-

13. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)

The components and movements of deferred tax liabilities and (assets) during the financial year prior to offsetting are as follows:

	At 01.01.2022 RM'000	Recognised in profit or loss (Note 6) RM'000	At 31.12.2022 RM'000
Group			
Deferred tax liabilities			
Differences between plant and equipment and its tax base	-	186	186
Differences between net of right-of-use assets and its tax base	-	41	41
	-	227	227
Deferred tax assets			
Unutilised tax losses	-	(268)	(268)
Other deductible temporary differences	-	(61)	(61)
	-	(329)	(329)
	-	(102)	(102)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised tax losses	121,185	123,988	62,660	62,945
Unabsorbed capital allowances	2,136	2,155	647	647
	123,321	126,143	63,307	63,592

Registration No.: 198401003091 (115609-U)

14. TRADE RECEIVABLES

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
External parties	(a)	4,629	153	-	-
Subsidiaries	(b)	-	-	1,097	-
Related party	(a)	416	-	-	-
		5,045	153	1,097	-
Accumulated impairment loss					
- External parties					
At 1 January		-	(29,695)	-	(9,813)
Written off		-	29,695	-	9,813
At 31 December		-	-	-	-
- Subsidiaries					
At 1 January		-	-	-	(2,746)
Written off		-	-	-	2,746
At 31 December		-	-	-	-
		-	-	-	-
		5,045	153	1,097	-

The normal credit terms of trade receivables of the Group and of the Company range from 1 to 90 days (2021: 30 to 90 days).

In prior financial year, the Directors of the Company had conducted a review of the assets and liabilities of the Group and of the Company as majority of these balances have been outstanding for many years. Consequently, the Group and the Company had recognised trade receivables written off of RM6,174,000 and RM5,000 respectively in the line item of "Other Expenses" in Statements of Comprehensive Income.

(a) Included in trade receivables from external parties is an amount due from Technitium Sdn. Bhd. ("TSB") as below:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Trade receivables	-	-	-	-
Accumulated impairment loss				
At 1 January	-	(25,319)	-	(7,913)
Written off	-	25,319	-	7,913
At 31 December	-	-	-	-
	-	-	-	-

14. TRADE RECEIVABLES (cont'd)

(a) Included in trade receivables from external parties is an amount due from Technitium Sdn. Bhd. ("TSB") as below: (cont'd)

In furtherance to the actions brought by FSBM Holdings Berhad ("FSBM") and FSBM CTech Sdn. Bhd. ("FSBM CTech") against TSB for the recovery of debts amounting to RM8,563,212.64 and RM32,409,434.77 respectively, FSBM CTech has filed a suit in the High Court on 22 April 2014 against Dr Azman Bin Awang as 1st Defendant, Haliza Binti Bidin as 2nd Defendant, Mariana Binti Ahmad Tahar as 3rd Defendant, and TSB as 4th Defendant. The Court delivered its Decision on 6 January 2017 which is as follows:-

(i) the business of TSB has been carried on by the 1st and 2nd Defendants with the creditors of TSB in particular the Plaintiffs;
(ii) the 1st and 2nd Defendants shall be jointly and severally liable and personally responsible, without any limitation of liability, for all the debts or other liabilities of TSB;
(iii) the 1st and 2nd Defendants, jointly and/or severally do pay the outstanding debt due and owing to the 1st Plaintiff in the sum of RM 32,409,434.77 as at 18 June 2012;
(iv) 1st and 2nd Defendants, jointly and/or severally do pay the outstanding debt due and owing to the 2nd Plaintiff in the sum of RM 8,563, 212.64 as at 18 June 2012;
(v) Interest at the rate of 5% per annum from 18 June 2012 (the date of the Judgment) on RM40,972,647 until full settlement thereof;
(vi) Costs of RM60,000 to be paid by the 1st and 2nd Defendants to the Plaintiffs respectively;
(vii) Plaintiffs' claim against the 3rd Defendant dismissed with costs of RM15,000.00 to be paid by the Plaintiffs.

The Defendant had applied for a Stay of Execution, which was dismissed on 8 May 2017 with costs of RM3,000.

Following the Judgment on 6 January 2017 on the suit filed by FSBM and FSBM CTech in the High Court on 22 April 2014 against Dr Azman Bin Awang as 1st Defendant, Haliza Binti Bidin as 2nd Defendant, Mariana Binti Ahmad Tahar as 3rd Defendant, and TSB as 4th Defendant, the 1st and 2nd Defendants ("the Appellants") have filed a Notice of Appeal on 25 January 2017. The appeal was fixed for Hearing on 30 August 2021 and on 22 February 2022. The Decision on the appeal was as follows:

(i) Appeal is allowed in part;
(ii) The Appellants are liable for the sum of RM1,948,330;
(iii) Interest of 5% per annum from 18.6.2012 on the sum of RM1,948,330 untii the date of realisation;
(iv) The sum of RM1,948,330 and the 5% per annum until the date of realisation (ii and iii above) to be paid by the Appellants (joint and severally) to Liquidator of Techinitium Sdn Bhd (In Liquidation) (Company No. 517516-X);
(v) Costs of RM60,000 pursuant to the High Court Judgment dated 6.1.2017 is set aside and be fixed at RM20,000 to be paid by the Appellants to the Respondents;
(vi) Costs of RM10,000 to be paid by the Respondents to the Appellants for this appeal.

Professor Emeritius Dr Azman Bin Awang ("Azman") and Haliza Binti Bidin ("Haliza") had on 27 July 2017 brought action against FSBM and FSBM CTech to inter alia impeach and set aside the judgments given on 20 January 2012 and 6 January 2017. FSBM and FSBM CTech have filed an application to strike out their claim on 29 September 2017 but was dismissed on 30 January 2018 by the High Court. An appeal to the Court of Appeal was subsequently filed against the dismissal of the striking out application on 28 February 2018. On 28 August 2020, the High Court allowed Azman dan Haliza's claim against FSBM and FSBM CTech, and Hearing of the assessment of damages was on 18 May 2021 and the decision of the said assessment of damages was delivered on 4 June 2021.

Registration No.: 198401003091 (115609-U)

14. TRADE RECEIVABLES (cont'd)

(a) Included in trade receivables from external parties is an amount due from Technitium Sdn. Bhd. ("TSB") as below: (cont'd)

FSBM and FSBM CTech have lodged an appeal on 25 September 2020 against the High Court's decision in allowing Azman and Haliza's claim. Hearing at the Court of Appeal was held on 30 August 2021 and on 22 February 2022. The Decision on the appeal was as follows:

(i) Appeal is allowed;
(ii) High Court Judgment dated 28 August 2021 is set aside;
(iii) Costs of RM120,000 to be paid by the Respondents to the Appellants.

As the time limit to file a motion in the Federal Court for leave to appeal has since lapsed, therefore the decision of the Court of Appeal is final and conclusive.

On 23 May 2022, FSBM and FSBM Ctech had filed 2 Judgment Debtor Summons against the Directors of TSB respectively for the outstanding RM135,200 costs granted by the High Court. Hearing was held on 2 March 2023. The final decision was as follows:

(i) The 1st Judgement Debtor, Azman to pay the Judgement Creditors, FSBM and FSBM CTech in monthly instalments of RM3,000 effective March 2023 on/before the 7th of each month until full settlement of the outstanding amount of RM118,720;
(ii) Cost of RM500 to be paid by the first Judgement Debtor to the Judgement Creditors;
(iii) The 2nd Judgement Debtor, Haliza to pay the Judgement Creditors, FSBM and FSBM CTech in monthly instalments of RM200 effective March 2023 on/before the 7th of each month until full settlement of the outstanding sum of RM118,720;
(iv) Cost of RM500 to be paid by the 2nd Judgement Debtor to the Judgement Creditors.

Despite the decision of the High Court, the probable cash inflow is in doubt as TSB is going through liquidation. The Group and the Company did not recognise any income from this litigation and will recognise the income on a receipt basis.

(b) These amounts are trade in nature, unsecured, interest free and are subject to normal trade credit terms.

Registration No.: 198401003091 (115609-U)

15. OTHER RECEIVABLES

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Other receivables					
- External parties	(a)	37	-	-	-
- Subsidiaries	(b)	-	-	6,111	-
Deposits		332	-	-	-
Prepayments		987	-	987	-
		1,356	-	7,098	-
Accumulated impairment loss					
- External parties					
At 1 January		-	(6,487)	-	(4,661)
Written off		-	6,487	-	4,661
At 31 December		-	-	-	-
- Subsidiaries					
At 1 January		-	-	-	(39,545)
Addition		-	-	(175)	-
Written off		-	-	-	39,545
At 31 December		-	-	(175)	-
		-	-	(175)	-
		1,356	-	6,923	-

In prior financial year, the Directors of the Company had conducted a review of the assets and liabilities of the Group and of the Company as majority of these balances have been outstanding for many years. Consequently, the Group and the Company had recognised other receivables written off of RM2,348,000 and RM340,000 respectively in the line item of "Other Expenses" in Statements of Comprehensive Income.

(a) Included in other receivables is an amount due from Technitium Sdn. Bhd. ("TSB") as below:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Other receivables	-	-	-	-
Accumulated impairment loss				
At 1 January	-	(2,377)	-	(862)
Written off	-	2,377	-	862
At 31 December	-	-	-	-
	-	-	-	-

(b) These amounts are non-trade in nature, unsecured, interest free and are collectible on demand.

16. CONTRACT ASSETS

Contract assets solely relate to the Group's right to consideration for work completed on the platform design and development but not yet billed at the reporting date.

	Group	
	2022	**2021**
	RM'000	**RM'000**
At beginning of the year	123	-
Revenue recognised during the year (Note 4)	6,465	265
Progress billing during the year	(5,770)	(142)
At end of the year	818	123

The amount is expected to be billed within 3 months and payment is expected within 90 days upon issuance of billing.

17. MARKETABLE SECURITIES

	Group	
	2022	**2021**
	RM'000	**RM'000**
At fair value through profit or loss		
- Investment in quoted shares outside Malaysia		
At beginning of the financial year	7	285
Fair value loss	(3)	(278)
At end of the financial year	4	7

18. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		**Amount**	
	2022	**2021**	**2022**	**2021**
	Unit '000	**Unit '000**	**RM'000**	**RM'000**
Issued and fully paid:				
At 1 January	141,315	141,315	10,064	10,064
Conversion of Warrants	36,435	-	14,250	-
At 31 December	177,750	141,315	24,314	10,064

During the financial year, 36,435,000 of Warrant 2012/2022 were exercised at an exercise price of RM0.30 per Warrant 2012/2022, which give rise to a transfer of warrant reserve to share capital of RM3,318,000.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

18. SHARE CAPITAL (cont'd)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

19. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

Such treasury shares are held at carrying amount of RM712,000 (2021: RM712,000) as at financial year end. As at 31 December 2022, the Company had a total of 1,091,000 (2021: 1,091,000) ordinary shares of its 177,750,000 (2021: 141,315,000) ordinary shares as treasury shares.

20. WARRANTS RESERVE

	Group and Company			
	Number of ordinary shares		Amount	
	2022	2021	2022	2021
	Unit '000	Unit '000	RM'000	RM'000
At 1 January	49,783	49,783	4,534	4,534
Exercised	(36,435)	-	(3,318)	-
Expired	(13,348)	-	(1,216)	-
At 31 December	-	49,783	-	4,534

Warrants 2012/2022

The Company had on 23 May 2012 issued 59,116,530 warrants in conjunction with the Rights Issue. The warrants are constituted by a Deed Poll dated 5 April 2012. The salient features of the warrants are as follows:

(a) Each warrant entitles the registered holder to subscribe for one new ordinary share of RM0.05 each in the Company at an exercise price of RM0.30 per ordinary share;

(b) The exercise price of the warrants are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll;

(c) The warrant holders are not entitled to any voting rights or to participate in any distribution, rights, allotments and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares; and

(d) The warrants are for a period of ten years and expire on 16 May 2022.

The fair value per Warrant on initial recognition on 23 May 2012 was determined to be RM0.09 per Warrant.

On 16 May 2022, the total number of Warrants that remain unexercised of 13,348,000 units expired.

21. LEASE LIABILITIES

	Group 2022 RM'000
Future minimum lease payments:	
- not later than 1 year	101
- later than 1 year but not later than 2 years	60
- later than 2 years but not later than 5 years	20
	181
Less: Unexpired finance charges	(10)
Total present value of minimum lease payments	171
Present value of lease liabilities:	
- not later than 1 year	94
- later than 1 year but not later than 2 years	58
- later than 2 years but not later than 5 years	19
	171
Represented by:	
Current liabilities	94
Non-current liabilities	77
	171

The lease liabilities bear effective interest rate of 5.63% (2021: Nil) per annum.

22. TRADE PAYABLES

The normal trade credit terms granted by trade creditors to the Group and to the Company range from 1 to 60 days (2021: 1 to 30 days).

In prior financial year, the Directors of the Company and its subsidiaries had conducted a review of trade and other payables, the details of which are set out in Note 23 below. This gave rise to write back of trade payables in the Group and in the Company of RM667,000 and RM157,000 respectively.

23. OTHER PAYABLES

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Other payables					
- External parties		1,843	1,421	422	1,221
- Subsidiaries	(a)	-	-	8,948	8,971
Accruals		365	3,045	119	1,471
Amount owing to Directors	(b)	30	1,277	2	768
		2,238	5,743	9,491	12,431

Registration No.: 198401003091 (115609-U)

23. OTHER PAYABLES (cont'd)

(a) In prior financial year, the Directors of the Company and its subsidiaries had conducted a review of the trade and other payables as these balances have been long outstanding for many years. As part of the process, a confirmation exercise, similar to a "proof of debt" exercise, was performed whereby confirmation letters (via lawyers) were sent to the respective payables on a best effort basis based the available information and, predicated on the replies together with the judgements made by the management, the carrying amounts of these payables as at 31 December 2021 have been determined based on the liabilities established through the confirmation exercise and with provisions and accruals estimated based on the probability of outflow of resources required to settle these obligations. This gave rise to write back of other payables in the Group and in the Company of RM1,417,000 and RM734,000 respectively.

(b) These amounts are non-trade in nature, unsecured, interest free, and are repayable on demand.

24. RELATED PARTY TRANSACTIONS

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with its subsidiaries, related parties, Directors and key management personnel. Related parties refer to companies in which certain Director of the Company have substantial financial interests and/or are also Directors of the companies.

The related parties' balance is disclosed in Notes 14, 15 and 23.

Related party transactions

Related parties' transactions during the financial year are as follows:

	2022 RM'000	2021 RM'000
Group		
Transactions with Directors		
(Repayment to)/Advances from	(1,247)	1,174
Transactions with related party		
Revenue	(450)	-
Repayment from	34	-

Registration No.: 198401003091 (115609-U)

24. RELATED PARTY TRANSACTIONS (cont'd)

Related party transactions (cont'd)

Related parties' transactions during the financial year are as follows: (cont'd)

	2022 RM'000	2021 RM'000
Company		
Transactions with Directors		
(Repayment to)/Advances from	(766)	768
Transactions with subsidiaries		
Management fee income	(1,097)	-
Advances to	(6,111)	-
Repayment to	(23)	(234)

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel is made up of all the Directors and certain Officer of the Company and its subsidiaries.

The remunerations paid by the Group and the Company to Directors during the financial year have been disclosed in Note 5(a). The remuneration paid by the Group to key senior management other than Directors are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries	255	-	135	-
Contributions to defined contribution plan	30	-	16	-
Social security contributions	2	-	1	-
	287	-	152	-

25. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

Platform design and development	Development of web-based and mobile platforms for customers
Refurbishment services	Refurbishment of pre-owned IT hardware
Lease services	Leasing of IT hardware
Technical support and maintenance services	After-sales service following the completion of platform design and development projects
Others	Principal activities related to managing security solutions, provision of smart manufacturing solutions and other services

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments. No segmental information is provided on a geographical basis as the Group's activities are conducted primarily in Malaysia.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statements of comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Financial year ended 31 December 2021

The comparatives for operating segments in respect of the financial year ended 31 December 2021 are not presented as:

(a) Information about operating segments had not been reported separately as the Group's revenue, profit or loss, assets and liabilities were mainly confined to a single operating segment, solely relating to information technology i.e., contract services and application solutions (which has been re-designated to be the platform design and development segment in the current financial year); and

(b) No segmental information is provided on a geographical basis as the Group's activities are conducted primarily in Malaysia.

Segment assets

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax assets.

Segment liabilities

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax liabilities.

Registration No.: 198401003091 (115609-U)

25. OPERATING SEGMENTS (cont'd)

	Note	Platform design and development RM'000	Refurbish-ment services RM'000	Lease services RM'000	Technical support and maintenance RM'000	Others RM'000	Adjustment & Elimination RM'000	Group RM'000
2022								
External revenue		10,213	458	311	161	2,501	(1,130)	12,514
Results								
Depreciation of property, plant and equipment		50	-	186	-	-	-	236
Depreciation of right-of-use assets		64	-	-	-	-	-	64
Other non-cash expense	(a)	80	-	-	-	(1,384)	-	(1,304)
Segment profit from operations		3,126	38	95	191	1,172	223	4,845
Assets								
Addition to:-								
Non-current assets	(b)	903	-	1,436	-	408	-	2,747
Segment assets	(c)	9,324	-	1,298	91	10,788	(7,060)	14,441
Liabilities								
Segment liabilities	(d)	8,794	-	-	13,561	41,124	(59,469)	4,010

Registration No.: 198401003091 (115609-U)

25. OPERATING SEGMENTS (cont'd)

(a) Other material non-cash expenses consist of the following items as presented in the respective notes to the consolidated financial statements:

	Group 2022 RM'000
Fair value loss on marketable securities	3
Unrealised loss on foreign exchange	80
Reversal of accruals no longer required	(1,387)
	(1,304)

(b) Additions to non-current assets consist of:

	Group 2022 RM'000
Plant and equipment	2,109
Intangible assets	405
Right-of-use-assets	233
	2,747

(c) Reconciliation of assets

	Group 2022 RM'000
Segments assets	21,501
Adjustment on consolidation of subsidiaries	52,433
Deferred tax assets	268
Intra-group balances	(59,761)
Total assets	14,441

The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group 2022 RM'000
Deferred tax assets	268
Inter-segment assets	(7,328)
	(7,060)

25. OPERATING SEGMENTS (cont'd)

(d) Reconciliation of liabilities

	Group 2022 RM'000
Segments liabilities	63,479
Adjustment on consolidation of subsidiaries	(67)
Deferred tax liabilities	166
Tax payable	193
Intra-group balances	(59,761)
Total liabilities	4,010

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group 2022 RM'000
Deferred tax liabilities	166
Tax payable	193
Inter-segment liabilities	(59,828)
	(59,469)

26. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group and the Company categorised their financial assets (excluding prepayments) and financial liabilities at amortised cost respectively, except for the other investments and investment in marketable securities as disclosed in Notes 12 and 17 respectively which have been categorised as fair value through profit and loss.

Financial Risk Management Objectives and Policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk, liquidity risk and foreign exchange risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their receivables from customers and contract assets.

There are no significant changes as compared to prior years.

Trade receivables

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statements of financial position.

Credit risk concentration profile

The Group and the Company determine concentration of credit risk by monitoring the profiles of their trade receivables on an ongoing basis.

At the reporting date, approximately 84% and 92% (2021: 96% and Nil) of the Group's and the Company's gross trade receivables were due from 3 and 1 (2021: 2 and Nil) customers respectively.

Recognition and measurement

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The Group and the Company applies the MFRS 9 simplified approach to measure the loss allowance at lifetime expected credit losses ("ECL") as disclosed in Note 3(m)(i).

The Group and the Company assess impairment of trade receivables on individual basis, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group and the Company in an effective and efficient manner. The Group and the Company have reasonable and supportable information available to assess the impairment individually.

Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the management team. Where necessary, the Group will also commence legal proceeding against the customers.

Registration No.: 198401003091 (115609-U)

26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Impairment losses

The following table provides information about the exposure to credit risk and ECL for trade receivables as 31 December 2022 and 31 December 2021:

	Gross RM'000	Impairment lossess RM'000	Net RM'000
Group			
2022			
Trade receivables			
Not past due	3,388	-	3,388
Past due:			
Less than 30 days	1,657	-	1,657
	5,045	-	5,045
Contract assets (Note 16)	818	-	818
	5,863	-	5,863
2021			
Trade receivables			
Not past due	153	-	153
Contract assets (Note 16)	123	-	123
	276	-	276
Company			
2022			
Trade receivables			
Not past due	1,097	-	1,097

Receivables that are not past due

Trade receivables that are not past due are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group and the Company.

26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Impairment losses (cont'd)

Receivables that are past due but not impaired

The Group and the Company have not provided for these trade receivables as there has been no significant change in their credit quality. These trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default and all past due balances were fully collected subsequent to the reporting date. The Group and the Company does not hold any collateral or other credit enhancement over these balances.

Cash and cash equivalents

Cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses which reflects the low credit risk of the exposures. As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

Amount due from subsidiaries

The Company provides advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

As at the end of the financial year, the maximum exposure to credit risk arising from amounts due from subsidiaries is represented by the carrying amount in the statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.

Generally, the Company considers advances to subsidiaries has low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be credit impaired when the subsidiaries are unlikely to repay their advances to the Company in full given insufficient highly liquid resources.

The Company determines the probability of default for these advances individually using internal information available.

As at the reporting date, there were no indications of impairment loss in respect of amount due from subsidiaries.

Registration No.: 198401003091 (115609-U)

26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and lease liabilities.

All of the Company's liabilities at the reporting date mature within one year or repayable on demand.

Registration No.: 198401003091 (115609-U)

26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

			<------------------ Contractual Cash Flows		---------------->
	Carrying amount RM	**Contractual cash flows RM**	**On demand/ Within 1 year RM**	**Between 1 to 2 years RM**	**Between 2 to 5 years RM**
Group					
2022					
Financial liabilities					
Trade payables	1,242	1,242	1,242	-	-
Other payables	2,238	2,238	2,238	-	-
Lease liabilities	171	181	101	60	20
	3,651	3,661	3,581	60	20
2021					
Financial liabilities					
Trade payables	76	76	76	-	-
Other payables	5,743	5,743	5,743	-	-
	5,819	5,819	5,819	-	-

26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Foreign currency risk

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

The Group is exposed to foreign currency risk on sales transactions and balances that are denominated in a currency other than the functional currencies within the Group. The currencies giving rise to this risk are primarily Hong Kong Dollar ("HKD").

Foreign exchange exposures in transactional currency other than functional currency of the Group are kept to an acceptable level.

Exposure to foreign currency risk

The Group's significant exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at end of the reporting period was:

	Denominated in HKD RM'000
Group	
2022	
Trade receivables	3,476

Foreign currency risk sensitivity analysis

A 10% strengthening/weakening of the functional currency of the Group against the foreign currency at the end of the reporting period would have increased/(decreased) (loss)/profit after tax and equity by the amounts shown below:

	Group 2022 Increase/ (Decrease) RM'000
Effect on profit after tax/equity:	
HKD/RM	
Strengthened 10%	264
Weakened 10%	(264)

27. FAIR VALUES INFORMATION

Financial instruments carried at fair value

The fair value measurement hierarchies used to measure financial assets at fair values in the statements of financial position are disclosed below.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2022					
Group					
Financial Asset					
Marketable securities	4	-	-	4	4
2021					
Financial Asset					
Other investments	-	-	360	360	360
Marketable securities	7	-	-	7	7
Company					
2021					
Financial Asset					
Other investments	-	-	360	360	360

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of short-term receivables and payables and cash and cash equivalents approximate their fair values due to relatively short-term nature of these financial instruments and insignificant impact of discounting.

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to maintain an optimal capital structure so as to support its business and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory. As the Group and the Company have no external borrowings except lease liabilities relating to office premises right-of-use assets, the debt-to-equity ratio is not presented as it does not provide a meaningful indicator of risk of borrowings.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company is not subject to any externally imposed capital requirements.

29. CAPITAL COMMITMENT

	Group 2022 RM'000
Authorised and contracted for:	
Purchase of intangible assets	225

30. SIGNIFICANT EVENT

Practice Note 17 status

The Group has been classified as an affected issuer pursuant to Paragraph 8.03A(2) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") since 17 October 2019 and Paragraph 2.1(d) of Practice Note 17 ("PN17") since 30 December 2019. The Group has submitted the regularisation plan to Bursa Securities on 15 April 2022.

A revised regularisation plan was announced on 21 December 2022 and Bursa Securities had on 7 April 2023 approved the said revised regularisation plan.

The approved regularisation plan entails the following:

(i) Proposed capital reduction exercise;
(ii) Proposed share issuance of 60.0 million new ordinary shares; and
(iii) Proposed rights issue of up to 236,659,300 new shares together with up to 118,329,650 free warrants.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation as follows:

	As previously reported RM'000	As reclassified RM'000
Company		
2021		
Statements of cash flows		
Changes in working capital:		
Payables	832	1,147
Net cash used in operating activities	(853)	(538)
Cash Flows from Financing Activities		
Advances from subsidiaries	81	-
Repayment to subsidiaries	-	(234)
Net cash from financing activities	849	534

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there is no false or misleading statement or other facts the omission of which would make any information in this Circular false or misleading.

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS

2.1 Malacca Securities

Malacca Securities, being the Principal Adviser for the Proposed Regularisation Plan, has given and not subsequently withdrawn its written consent for the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Malacca Securities has confirmed that they are not aware of any conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser for the Proposed Regularisation Plan.

2.2 Providence

Providence, being the Independent Market Researcher for the Proposed Regularisation Plan, has given and not subsequently withdrawn its written consent for the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Providence has confirmed that they are not aware of any conflict of interest which exists or is likely to exist in its capacity as the Independent Market Researcher for the Proposed Regularisation Plan.

2.3 Vaersa Advisory Sdn Bhd

Vaersa Advisory Sdn Bhd, being the Internal Control Reviewer for the Proposed Regularisation Plan, has given and not subsequently withdrawn its written consent for the inclusion in this Circular of its name, its internal control review and risk management report, and all references thereto in the form and context in which they appear in this Circular.

Vaersa Advisory Sdn Bhd has confirmed that they are not aware of any conflict of interest which exists or is likely to exist in its capacity as the Internal Control Reviewer for the Proposed Regularisation Plan.

2.4 Moore Stephens Associates PLT

Moore Stephens Associates PLT, being the Reporting Accountant for the Proposed Regularisation Plan, has given and not subsequently withdrawn its written consent for the inclusion in this Circular of its name, its report on the compilation of the proforma consolidated statement of financial position of FSBM for the FYE 31 December 2022 and all references thereto in the form and context in which they appear in this Circular.

Moore Stephens Associates PLT has confirmed that they are not aware of any conflict of interest which exists or is likely to exist in its capacity as the Reporting Accountant for the Proposed Regularisation Plan.

3. MATERIAL LITIGATION

As at LPD, the Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material and adverse effect on the business or financial position of the Group and the Board is not aware of any proceedings, pending or threatened against the Group, or of any facts likely to give rise to any proceedings which may have material impact on the business or financial position of the Group.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 Material Commitments

As at LPD, save for RM225,000 allocated for the upgrade of the MES software to enhance its functionality and features as disclosed in Section 16 of Appendix I(C) of this Circular, there are no material commitments incurred or known to be incurred by the Group which upon becoming due or enforceable, may have a material impact on the financial position or business of the Group.

4.2 Contingent Liabilities

As at LPD, there are no contingent liabilities incurred or known to be incurred by the Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of the Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's registered office at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

(i) Constitution of FSBM;

(ii) Audited consolidated financial statements of FSBM for the FYE 30 June 2017, FYE 30 June 2018, 18-month FPE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 and FYE 31 December 2022 and audited consolidated financial statements of FSBM for the 6-month FPE 30 June 2022;

(iii) the Subscription Agreements;

(iv) the CSSA and the termination letter dated 15 November 2022;

(v) the Mr Pang Undertaking Letter, Dr Chew Undertaking Letter and Mr Yeo Undertaking Letter;

(vi) the report on the compilation of the proforma consolidated statement of financial position of FSBM as at 31 December 2022;

(vii) the letters of consent and declaration of conflict of interest referred to in Section 2 of this Appendix X; and

(viii) the draft Deed Poll.

FSBM HOLDINGS BERHAD
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of FSBM Holdings Berhad ("**FSBM**" or the "**Company**") will be held at Strive Room, Level M3, VE Hotel & Residence, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia, on Monday, 22 May 2023 at 4.00 p.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions, with or without modifications:-

<u>ORDINARY RESOLUTION 1</u>

PROPOSED SHARES ISSUANCE OF 60,000,000 NEW ORDINARY SHARES IN FSBM ("FSBM SHARES" OR "SHARES") ("SUBSCRIPTION SHARES") TO THE SUBSCRIBERS ("PROPOSED SHARES ISSUANCE")

"**THAT**, subject to the passing of Ordinary Resolution 2, Ordinary Resolution 3 and Special Resolution 1 and the approvals being obtained from the relevant authorities and/or parties (where applicable), approval be and is hereby given to the Board of Directors of the Company ("**Board**") to:-

(i) allot and issue 60,000,000 Subscription Shares, at a subscription price of RM0.08 per Subscription Share to the subscribers set out in Section 2.2.3 of the circular to shareholders of the Company dated 28 April 2023 ("**Circular**") ("**Subscribers**") based on the terms and conditions of the subscription agreements entered into between the Company and the Subscribers and any supplementals thereto; and

(ii) utilise the proceeds to be derived from the Proposed Shares Issuance for the purposes as set out in Section 3 of the Circular and to vary the manner and/or purposes of such proceeds as the Board may deem fit, necessary and/or expedient in the best interest of the Company, subject (where required) to the approval of the relevant authorities;

THAT the Subscription Shares shall, upon allotment and issuance, rank equally in all respects with the existing FSBM Shares, save and except that the Subscription Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Subscription Shares;

THAT pursuant to Section 85 of the Companies Act, 2016 ("**Act**") read together with Clause 8.2 and Clause 54 of the Constitution of the Company, the statutory pre-emptive rights of the shareholders of the Company to be offered new FSBM Shares ranking equally to the existing issued FSBM Shares arising from any issuance of new FSBM Shares to the Subscribers pursuant to the Proposed Shares Issuance be and is hereby noted and waived;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem necessary and/or expedient and/or appropriate to implement and give full effect to complete the Proposed Shares Issuance including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit or expedient or as required by the relevant authorities in order to carry out, finalise and give full effect to the Proposed Shares Issuance."

<u>ORDINARY RESOLUTION 2</u>

PROPOSED ALLOTMENT OF 16,000,000 SUBSCRIPTION SHARES TO PANG KIEW KUN, AN EXECUTIVE DIRECTOR OF FSBM ("MR PANG") ("PROPOSED ALLOTMENT OF SHARES TO MR PANG")

"**THAT**, subject to the passing of Ordinary Resolution 1, Ordinary Resolution 3 and Special Resolution 1 and the approvals being obtained from the relevant authorities and/or parties (where applicable), approval be and is hereby given to the Board to allot and issue 16,000,000 Subscription Shares, at a subscription price of RM0.08 per Subscription Share to Mr Pang, which the proceeds will be utilised for the purposes set out in Section 3 of the Circular, based on the terms and conditions of the subscription agreement entered into between the Company and Mr Pang and any supplementals thereto;

THAT the Subscription Shares shall, upon allotment and issuance, rank equally in all respects with the existing FSBM Shares, save and except that the Subscription Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Subscription Shares;

THAT pursuant to Section 85 of the Act read together with Clause 8.2 and Clause 54 of the Constitution of the Company, the statutory pre-emptive rights of the shareholders of the Company to be offered new FSBM Shares ranking equally to the existing issued FSBM Shares arising from any issuance of new FSBM Shares to the Subscribers pursuant to the Proposed Allotment of Shares to Mr Pang be and is hereby noted and waived;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem necessary and/or expedient and/or appropriate to implement and give full effect to complete the Proposed Allotment of Shares to Mr Pang including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit or expedient or as required by the relevant authorities in order to carry out, finalise and give full effect to the Proposed Allotment of Shares to Mr Pang."

<u>ORDINARY RESOLUTION 3</u>

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 236,659,300 NEW FSBM SHARES ("RIGHTS SHARES") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING FSBM SHARE HELD, TOGETHER WITH UP TO 118,329,650 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 1 WARRANT FOR EVERY 2 RIGHTS SHARES SUBSCRIBED FOR, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"**THAT**, subject to the passing of Ordinary Resolution 1, Ordinary Resolution 2 and Special Resolution 1 and the approvals being obtained from the relevant authorities and/or parties (where applicable), approval be and is hereby given to the Board to:-

(i) provisionally allot and issue by way of a renounceable rights issue of Rights Shares to the shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Board ("**Entitled Shareholders**") and/or their renouncee(s) and/or transferee(s), as the case may be;

(ii) enter into and execute the deed poll constituting the Warrants ("**Deed Poll**") with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Board and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll (including, without limitation, the affixing of the Company's company seal, where necessary);

(iii) allot and issue the Warrants in registered form to the Entitled Shareholders and/or their renouncee(s) and/or transferee(s), as the case may be, and Excess Applicants (as defined below), if any, who subscribe for and are allotted Rights Shares, each Warrant conferring the right to subscribe for 1 new FSBM Share at an exercise price of RM0.05, subject to the provisions for adjustment to the subscription rights attached to the Warrants in accordance with the provisions of the Deed Poll;

(iv) allot and issue such number of additional Warrants pursuant to adjustments as provided for under the Deed Poll ("**Additional Warrants**") and to adjust from time to time the exercise price of the Warrants as a consequence of the adjustments under the provisions of the Deed Poll and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant authorities or parties (where required);

(v) allot and issue such number of new FSBM Shares to the holders of Warrants upon their exercise of the relevant Warrants to subscribe for new FSBM Shares during the tenure of the Warrants, and such further new FSBM Shares as may be required or permitted to be allotted and issued pursuant to the exercise of the Additional Warrants and such adjustments in accordance with the provisions of the Deed Poll; and

(vi) utilise the proceeds to be derived from the Proposed Rights Issue with Warrants for the purposes as set out in Section 3 of the Circular and to vary the manner and/or purposes of such proceeds as the Board may deem fit, necessary and/or expedient in the best interest of the Company, subject (where required) to the approval of the relevant authorities;

THAT in determining the shareholders' entitlement to the Rights Shares, the fractional entitlements, if any, will be disregarded and dealt with in such manner and on such terms and conditions as the Board in its sole and absolute discretion deem fit or expedient and in the best interests of the Company;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renouncee(s) and/or transferee(s), as the case may be, shall be made available for excess applications in such manner and to such persons ("**Excess Applicants**") as the Board shall determine at its absolute discretion;

THAT the Rights Shares shall, upon allotment and issuance, rank equally in all respects with the existing FSBM Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares;

THAT the new FSBM Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the existing FSBM Shares, save and except that the new FSBM Shares to be issued arising from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new FSBM Shares;

THAT the Rights Shares, Warrants and the new FSBM Shares to be allotted and issued arising from the exercise of the Warrants and Additional Warrants (if any) shall be listed on the Main Market of Bursa Securities;

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem necessary and/or expedient and/or appropriate to implement and give full effect to complete the Proposed Rights Issue with Warrants including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit or expedient or as required by the relevant authorities in order to carry out, finalise and give full effect to the Proposed Rights Issue with Warrants;

AND THAT this Ordinary Resolution 3 constitutes specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants, and new FSBM Shares to be allotted and issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants."

SPECIAL RESOLUTION 1

PROPOSED CAPITAL REDUCTION EXERCISE TO BE CARRIED OUT BY THE COMPANY, PURSUANT TO SECTION 116 OF THE COMPANIES ACT, 2016 ("ACT") TO REDUCE THE SHARE CAPITAL OF THE COMPANY ("PROPOSED CAPITAL REDUCTION")

"**THAT**, subject to the passing of Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 3 and the approvals being obtained from the relevant authorities and confirmation by the High Court of Malaya pursuant to Section 116 of the Act, approval be and is hereby given to the Board to implement the Proposed Capital Reduction and reduce the share capital of the Company via the cancellation of RM14,292,450 of the issued share capital of the Company and that the credit arising from such capital reduction shall be used to eliminate the accumulated losses of the Company;

THAT, the surplus credit after the elimination of the Company's accumulated losses pursuant to the Proposed Capital Reduction, if any, shall be credited to the capital reduction reserve account of the Company, which shall not be distributable without leave of the High Court of Malaya;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem necessary and/or expedient and/or appropriate to implement and give full effect to complete the Proposed Capital Reduction including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit or expedient or as required by the relevant authorities in order to carry out, finalise and give full effect to the Proposed Capital Reduction."

By Order of the Board
FSBM HOLDINGS BERHAD

WONG YOUN KIM
SSM Practicing Certificate No. 201908000410
(MAICSA 7018778)
Secretary

Kuala Lumpur
28 April 2023

Explanatory Note:-

Ordinary Resolutions 1 and 2

Pursuant to Section 85 of the Act read together with Clause 8.2 and Clause 54 of the Company's Constitution, the shareholders of FSBM have a statutory pre-emptive right to be offered any new Shares which rank equally to existing Shares issued by the Company. By you voting in favour of the proposed Ordinary Resolutions 1 and 2, the shareholders of the Company will be waiving their statutory pre-emptive right and the proposed Ordinary Resolutions 1 and 2 if passed, will exclude the statutory pre-emptive right of the shareholders of the Company to be offered any new Shares to be issued by the Company pursuant to the Proposed Shares Issuance and Proposed Allotment of Shares to Mr Pang.

Notes:-

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

3. The instrument appointing a proxy must be deposited at the Company's share registrar office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia, not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof. Any alteration to the instruments appointing a proxy must be initialised.

4. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

5. Where a member of the company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

6. **GENERAL MEETING RECORD OF DEPOSITORS**

   For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 15 May 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend and vote on his/her behalf.

FSBM HOLDINGS BERHAD
Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

FORM OF PROXY

(Before completing the form please refer to the notes below)

No. of shares held	CDS Account No. of Authorised Nominee

I/We ____ NRIC/Passport/Co. No.______________________
(FULL NAME IN BLOCK LETTERS)

of ____ Tel No.___________________
(ADDRESS)

Email Address____

being a member of **FSBM HOLDINGS BERHAD**, hereby appoint

Proxy 1 – Full name in Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			
Email Address:			

Proxy 2 – Full name in Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			
Email Address:			

or failing him/her, the Chairman of the Meeting, as my/our proxy(ies) to vote for me/us and on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held at Strive Room, Level M3, VE Hotel & Residence, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia, on Monday, 22 May 2023 at 4.00 p.m., or any adjournment thereof.

My/our proxy(ies) shall vote as follows:

Resolutions:		**For**	**Against**
Ordinary Resolution 1	Proposed Shares Issuance		
Ordinary Resolution 2	Proposed Allotment of Shares to Mr Pang		
Ordinary Resolution 3	Proposed Rights Issue with Warrants		
Special Resolution 1	Proposed Capital Reduction		

(Please indicate with an "X" in the space provided how you wish your vote to be cast on the resolutions specified in the Notice of the Extraordinary General Meeting. If you do not do so, the proxy(ies) will vote or abstain from voting at his/her/their discretion).

Dated this _______ day of __________________ 2023

____
Signature/Seal of Shareholder

Notes:-

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

3. The instrument appointing a proxy must be deposited at the Company's share registrar office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia, not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof. Any alteration to the instruments appointing a proxy must be initialised.

4. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

5. Where a member of the company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

6. **GENERAL MEETING RECORD OF DEPOSITORS**

   For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 15 May 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend and vote on his/her behalf.

Fold this flap for sealing

Then fold here

Affix
stamp

Share Registrar of

FSBM HOLDINGS BERHAD
Registration No.: 198401003091 (115609-U)

(Tricor Investor & Issuing House Services Sdn Bhd)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia

First fold here