

**13. ACCOUNTANTS' REPORT**

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**SKYECHIP BERHAD**  
**Registration No. 201901014484 (1323812-D)**  
(Incorporated in Malaysia)

**ACCOUNTANTS' REPORT**  
**FOR THE FINANCIAL YEARS ENDED**  
**31 MARCH 2025, 31 MARCH 2024 AND 31 MARCH 2023**

**GRANT THORNTON MALAYSIA PLT**  
**CHARTERED ACCOUNTANTS**  
**Member Firm of Grant Thornton International Ltd.**

**13. ACCOUNTANTS' REPORT (Cont'd)**


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**SKYECHIP BERHAD**  
**Registration No. 201901014484 (1323812-D)**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

We, Dato' Fong Swee Kiang and Teh Chee Hak, being two of the directors of SkyeChip Berhad, do hereby state that in the opinion of the directors, the accompanying consolidated financial statements set out on pages 5 to 41 are properly drawn up in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards so as to give a true and fair view of the consolidated financial position of SkyeChip Berhad as at 31 March 2025, 31 March 2024 and 31 March 2023 and of its financial performance and cash flows for the financial years then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:

  
.....  
Dato' Fong Swee Kiang

  
.....  
Teh Chee Hak

Date: 21 OCT 2025

**13. ACCOUNTANTS' REPORT (Cont'd)**

Date: 21 October 2025

The Board of Directors  
**SkyeChip Berhad**  
 1-18-12 Suntech @ Penang Cybercity  
 Lintang Mayang Pasir 3  
 11950 Bayan Baru  
 Pulau Pinang

**Grant Thornton Malaysia PLT**

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Dear Sirs/Madams,

**Reporting Accountants' Opinion on the Consolidated Financial Statements contained in the Accountants' Report of SkyeChip Berhad**
**Opinion**

We have audited the consolidated financial statements of SkyeChip Berhad ("SkyeChip" or "the Company") and its subsidiaries ("SkyeChip Group" or "the Group"), which comprise the consolidated statements of financial position as at 31 March 2025, 31 March 2024 and 31 March 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years then ended, and notes to the consolidated financial statements, including material accounting policy information, as set out on pages 5 to 41.

The consolidated financial statements of the Company have been prepared for inclusion in the Prospectus of SkyeChip in connection with the listing of and quotation for its entire enlarged issued share capital on the Main Market of Bursa Malaysia Securities Berhad and for no other purposes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 March 2025, 31 March 2024 and 31 March 2023 and of its consolidated financial performance and consolidated cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and IFRS Accounting 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 *Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence and Other Ethical Responsibilities**

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

**13. ACCOUNTANTS' REPORT (Cont'd)****Responsibilities of the Directors for the Consolidated Financial Statements**

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

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

**Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

## 13. ACCOUNTANTS' REPORT (Cont'd)


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

- Evaluate the overall presentation, structure and content of the consolidated financial statements of the Company, including the disclosures, and whether the consolidated financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

**Restriction on Distribution and Use**

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

**Grant Thornton Malaysia PLT**  
**AF: 0737**  
**201906003682 (LLP0022494-LCA)**  
**Chartered Accountants**

**Penang**

**Loo Wei Teng**  
**No. 03487/03/2026 J**  
**Chartered Accountant**

**13. ACCOUNTANTS' REPORT (Cont'd)**

**SKYECHIP BERHAD**  
**Registration No. 201901014484 (1323812-D)**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2025, 31 MARCH 2024 AND 31 MARCH 2023**

	NOTE	2025 RM	2024 RM	2023 RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	4	38,958,627	12,926,417	3,122,273
Intangible assets	5	6,406,637	1,500,786	984,354
Right-of-use assets	6	3,032,413	4,194,114	3,009,754
		<u>48,397,677</u>	<u>18,621,317</u>	<u>7,116,381</u>
<b>Current assets</b>				
Trade and other receivables	7	35,231,932	17,873,808	358,772
Contract assets	8	525,076	-	-
Other investments	9	7,339,448	22,549,575	31,463,469
Cash and bank balances	10	42,450,627	24,869,629	29,457,462
		<u>85,547,083</u>	<u>65,293,012</u>	<u>61,279,703</u>
<b>TOTAL ASSETS</b>		<u>133,944,760</u>	<u>83,914,329</u>	<u>68,396,084</u>
<b>EQUITY AND LIABILITIES</b>				
Share capital	11	3,000,001	3,000,001	2,000,001
Irredeemable convertible preference shares	12	29,250,000	-	-
Foreign currency translation reserve	13	9,966	(61)	-
Retained profits		94,069,789	58,126,578	43,419,075
<b>Total equity</b>		<u>126,329,756</u>	<u>61,126,518</u>	<u>45,419,076</u>
<b>Non-current liabilities</b>				
Lease liabilities	6	1,992,598	3,177,406	2,459,744
Deferred income	14	432,803	555,007	570,750
Deferred tax liabilities	15	1,176,000	430,000	3,000
		<u>3,601,401</u>	<u>4,162,413</u>	<u>3,033,494</u>
<b>Current liabilities</b>				
Other payables	16	2,702,559	17,317,952	7,758,707
Contract liabilities	8	-	-	11,500,409
Lease liabilities	6	1,203,708	1,135,670	610,368
Deferred income	14	28,749	10,112	74,030
Current tax liabilities		78,587	161,664	-
		<u>4,013,603</u>	<u>18,625,398</u>	<u>19,943,514</u>
<b>Total liabilities</b>		<u>7,615,004</u>	<u>22,787,811</u>	<u>22,977,008</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>133,944,760</u>	<u>83,914,329</u>	<u>68,396,084</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**SKYECHIP BERHAD**  
**Registration No. 201901014484 (1323812-D)**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS  
ENDED 31 MARCH 2025, 31 MARCH 2024 AND 31 MARCH 2023**

	NOTE	2025 RM	2024 RM	2023 RM
Revenue	17	119,503,000	77,063,233	57,158,562
Cost of sales	18	<u>(69,057,890)</u>	<u>(41,034,117)</u>	<u>(23,370,711)</u>
<b>Gross profit</b>		50,445,110	36,029,116	33,787,851
Other income	19	1,568,662	6,830,684	509,615
Administrative expenses		<u>(15,488,643)</u>	<u>(9,235,451)</u>	<u>(6,344,308)</u>
<b>Operating profit</b>		36,525,129	33,624,349	27,953,158
Finance cost	20	(200,056)	(171,380)	(91,346)
Finance income	21	<u>673,580</u>	<u>1,110,569</u>	<u>537,644</u>
<b>Profit before tax</b>	22	36,998,653	34,563,538	28,399,456
Taxation	24	<u>(1,055,442)</u>	<u>(856,035)</u>	<u>241,535</u>
<b>Profit for the financial year</b>		35,943,211	33,707,503	28,640,991
<b>Other comprehensive income/(loss), net of tax:</b>				
<b>Item that will be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences for foreign operations		<u>10,027</u>	<u>(61)</u>	<u>-</u>
<b>Total comprehensive income for the financial year</b>		<u>35,953,238</u>	<u>33,707,442</u>	<u>28,640,991</u>
<b>Earnings per share attributable to owners of the Company (sen)</b>	25			
- Basic		<u>11.98</u>	<u>12.60</u>	<u>15.98</u>
- Diluted		<u>11.50</u>	<u>12.60</u>	<u>15.98</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**SKYECHIP BERHAD**  
**Registration No. 201901014484 (1323812-D)**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED  
31 MARCH 2025, 31 MARCH 2024 AND 31 MARCH 2023**

I-----Attributable to Owners of the Company-----I					
			Non- distributable	Distributable	
	Share Capital RM	Irredeemable Convertible Preference Shares RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total Equity RM
NOTE					
<b>2025</b>					
Balance at beginning	3,000,001	-	(61)	58,126,578	61,126,518
Total comprehensive income for the financial year	-	-	10,027	35,943,211	35,953,238
<i>Transaction with owners of the Company:</i>					
<i>Issuance of irredeemable convertible preference shares</i>					
<b>12</b>	-	29,250,000	-	-	29,250,000
Balance at end	<u>3,000,001</u>	<u>29,250,000</u>	<u>9,966</u>	<u>94,069,789</u>	<u>126,329,756</u>
<b>2024</b>					
Balance at beginning	2,000,001	-	-	43,419,075	45,419,076
Total comprehensive income for the financial year	-	-	(61)	33,707,503	33,707,442
<i>Transactions with owners of the Company:</i>					
<i>Issuance of ordinary shares</i>					
<b>11</b>	1,000,000	-	-	-	1,000,000
<b>26</b>	-	-	-	(19,000,000)	(19,000,000)
Total transactions with owners	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>(19,000,000)</u>	<u>(18,000,000)</u>
Balance at end	<u>3,000,001</u>	<u>-</u>	<u>(61)</u>	<u>58,126,578</u>	<u>61,126,518</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**SKYECHIP BERHAD**  
**Registration No. 201901014484 (1323812-D)**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED  
31 MARCH 2025, 31 MARCH 2024 AND 31 MARCH 2023 (CONT'D)**

	I-----Attributable to Owners of the Company-----I					Total Equity RM
	NOTE	Share Capital RM	Irredeemable Convertible Preference Shares RM	Non- distributable Foreign Currency Translation Reserve RM	Distributable Retained Profits RM	
<b>2023</b>						
Balance at beginning		1,000,001	-	-	23,778,084	24,778,085
Total comprehensive income for the financial year		-	-	-	28,640,991	28,640,991
<i>Transactions with owners of the Company:</i>						
Issuance of ordinary shares	<b>11</b>	1,000,000	-	-	-	1,000,000
Dividends	<b>26</b>	-	-	-	(9,000,000)	(9,000,000)
Total transactions with owners		1,000,000	-	-	(9,000,000)	(8,000,000)
Balance at end		2,000,001	-	-	43,419,075	45,419,076

**13. ACCOUNTANTS' REPORT (Cont'd)**

**SKYECHIP BERHAD**  
**Registration No. 201901014484 (1323812-D)**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2025, 31 MARCH 2024 AND 31 MARCH 2023**

	2025 RM	2024 RM	2023 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	36,998,653	34,563,538	28,399,456
Adjustments for:			
Accretion of interest on lease liabilities	200,056	171,380	91,346
Amortisation of government grants	(103,567)	(4,079,661)	(131,857)
Amortisation of intangible assets	609,793	14,438	4,306
Depreciation of:			
- plant and equipment	5,145,295	1,594,077	1,022,792
- right-of-use assets	1,184,381	871,949	482,706
Fair value (gain)/loss on other investments	(151,521)	(361,364)	99,954
Gain on disposal of other investments	(126,546)	(438,324)	-
Intangible assets written off	9,114	-	-
Interest income	(673,580)	(1,110,569)	(537,644)
Loss on disposal of plant and equipment	-	-	7,328
Unrealised loss/(gain) on foreign exchange, net	1,170,660	(1,365,555)	1,573,216
Operating profit before working capital changes	44,262,738	29,859,909	31,011,603
Changes in:			
Receivables	(17,358,124)	(17,515,036)	(162,782)
Payables	(2,252,665)	4,196,517	224,749
Contract assets	(525,076)	-	-
Contract liabilities	-	(11,500,409)	11,500,409
Cash generated from operations	24,126,873	5,040,981	42,573,979
Income tax paid	(392,519)	(267,371)	(3,465)
Net cash from operating activities	23,734,354	4,773,610	42,570,514
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	673,580	1,110,569	537,644
Additions of plant and equipment	(31,177,505)	(11,398,221)	(1,743,524)
Additions of intangible assets	(5,591,974)	(530,870)	(376,078)
Additions of other investments	-	(14,254,347)	(31,563,423)
Proceeds from disposal of plant and equipment	-	-	3,400
Proceeds from disposal of other investments	15,488,194	23,967,929	-
Proceeds from government grants	-	4,000,000	-
Net cash (used in)/from investing activities	(20,607,705)	2,895,060	(33,141,981)

**13. ACCOUNTANTS' REPORT (Cont'd)**

**SKYECHIP BERHAD**  
**Registration No. 201901014484 (1323812-D)**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2025, 31 MARCH 2024 AND 31 MARCH 2023 (CONT'D)**

	NOTE	2025 RM	2024 RM	2023 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid		(12,362,728)	(13,637,272)	(2,000,000)
Repayment of lease liabilities	A	(1,339,506)	(984,725)	(539,605)
Proceeds from issuance of irredeemable convertible preference shares		29,250,000	-	-
Proceeds from issuance of ordinary shares		-	1,000,000	1,000,000
Net cash from/(used in) financing activities		<u>15,547,766</u>	<u>(13,621,997)</u>	<u>(1,539,605)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>				
		18,674,415	(5,953,327)	7,888,928
Effects of foreign exchange rates changes		(1,093,417)	1,365,494	(1,573,216)
<b>CASH AND BANK BALANCES AT BEGINNING</b>				
		<u>24,869,629</u>	<u>29,457,462</u>	<u>23,141,750</u>
<b>CASH AND BANK BALANCES AT END</b>				
		<u>42,450,627</u>	<u>24,869,629</u>	<u>29,457,462</u>

**A. Liabilities arising from financing activities**

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	Net cash flows RM	Others <sup>1</sup> RM	Balance at end RM
<b>2025</b>				
Lease liabilities, representing total liabilities arising from financing activities	<u>4,313,076</u>	<u>(1,339,506)</u>	<u>222,736</u>	<u>3,196,306</u>
<b>2024</b>				
Lease liabilities, representing total liabilities arising from financing activities	<u>3,070,112</u>	<u>(984,725)</u>	<u>2,227,689</u>	<u>4,313,076</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**SKYECHIP BERHAD**  
**Registration No. 201901014484 (1323812-D)**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2025, 31 MARCH 2024 AND 31 MARCH 2023 (CONT'D)**

	Balance at beginning RM	Net cash flows RM	Others <sup>1</sup> RM	Balance at end RM
<b>2023</b>				
Lease liabilities, representing total liabilities arising from financing activities	1,150,707	(539,605)	2,459,010	3,070,112

<sup>1</sup> Others consist of non-cash movements as follows:

	2025 RM	2024 RM	2023 RM
Accretion of interest on lease liabilities	200,056	171,380	91,346
Additions of lease liabilities	-	2,056,309	2,367,664
Lease modification	22,680	-	-
	<u>222,736</u>	<u>2,227,689</u>	<u>2,459,010</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**SKYECHIP BERHAD**  
**Registration No. 201901014484 (1323812-D)**  
(Incorporated in Malaysia)

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

This report has been prepared solely to comply with the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia and for inclusion in the Prospectus of SkyeChip Berhad ("SkyeChip" or "the Company") in connection with the listing of and quotation for its entire enlarged issued share capital on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied upon for any other purposes.

**1.2 Background**

SkyeChip was incorporated on 23 April 2019 under the Companies Act 2016 in Malaysia as a private limited liability company and domiciled in Malaysia. The Company was converted into a public company on 20 March 2025, and was subsequently re-converted into a private limited liability company on 4 August 2025. Thereafter, the Company was converted back into a public company on 17 October 2025.

The registered office of the Company is located at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang. The principal place of business of the Company is located at 1-18-12, Suntech @ Penang Cybercity, Lintang Mayang Pasir 3, 11950 Bayan Baru, Pulau Pinang.

The principal activities of the Company consist of provision of semiconductor intellectual property, integrated circuit manufacturing, software design and development and engineering consultation whilst the principal activities of the subsidiaries are disclosed in Note 1.3 to the financial statements.

**1.3 Subsidiaries**

The details of the subsidiaries are as follows:

<b>Name of entities</b>	<b>Principal place of business</b>	<b>Effective equity interest</b>	<b>Principal activities</b>
SkyeChip Semi Sdn. Bhd. ("SCSSB")	Malaysia	100%	Provision of semiconductor intellectual property, integrated circuit, software and application specific integrated circuit design and development.
SkyeChip Technology Sdn. Bhd. ("SCTSB")	Malaysia	100%	Provision of semiconductor intellectual property and integrated circuit and software design and development, integrated circuit manufacturing and engineering consultation, training and services.
* SkyeChip Semiconductor (Shanghai) Co., Ltd. ("SCSCL")	People's Republic of China	100%	Sales and customer support.
* SkyeChip Pte. Ltd. ("SCPL")	Singapore	100%	Provision of semiconductor intellectual property, integrated circuit and software design.

**13. ACCOUNTANTS' REPORT (Cont'd)**

<b>Name of entities</b>	<b>Principal place of business</b>	<b>Effective equity interest</b>	<b>Principal activities</b>
* SkyeChip Solutions Vietnam Company Limited ("SCSVCL")	Vietnam	100%	Scientific research and technological development in the field of science, engineering and technology.
* SkyeChip Technology Vietnam Company Limited ("SCTVCL")	Vietnam	100%	Scientific research and technological development in the field of science, engineering and technology.

\* Not audited by Grant Thornton Malaysia PLT.

**Subscription of ordinary shares in subsidiaries**

On 24 August 2023, the Company has incorporated a new wholly-owned subsidiary named SCSCCL for a cash consideration of RM65. On 19 February 2025, the Company has increased its registered capital in SCSCCL at RM226,550 for cash. No changes in the equity interest subsequent to the additional subscription.

On 8 September 2023, the Company has incorporated a new wholly-owned subsidiary named SCPL and subscribed 100,000 ordinary shares in SCPL for a cash consideration of RM3,500.

On 18 November 2024, the Company has incorporated a new wholly-owned subsidiary named SCSSB and subscribed 100,000 ordinary shares in SCSSB for a cash consideration of RM1,000.

On 16 January 2025, the Company has incorporated a new wholly-owned subsidiary named SCSVCL for a cash consideration of RM132,600.

On 22 January 2025, the Company has incorporated a new wholly-owned subsidiary named SCTSB and subscribed 2 ordinary shares in SCTSB for a cash consideration of RM2.

On 5 February 2025, the Company has incorporated a new wholly-owned subsidiary named SCTVCL for a cash consideration of RM44,200.

**2. BASIS OF PREPARATION****2.1 Statement of Compliance**

The consolidated financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards.

**2.2 Basis of Measurement**

The consolidated financial statements of the Company are prepared under the historical cost convention, except for other investments that are measured at fair values.

**2.3 Functional and Presentation Currency**

Ringgit Malaysia ("RM") is the presentation currency of the Group.

RM is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 2.4 Standards/Amendments to MFRSs Issued But Not Yet Effective

The following are accounting standards/amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group:

##### **Effective for annual period beginning on or after 1 January 2025**

*Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*

##### **Effective for annual period beginning on or after 1 January 2026**

*Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments*  
*Annual Improvements to MFRS Accounting Standards - Volume 11*  
*Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity*

##### **Effective for annual period beginning on or after 1 January 2027**

*MFRS 18 Presentation and Disclosure in Financial Statements*  
*MFRS 19 Subsidiaries without Public Accountability: Disclosures*

##### **Effective date yet to be confirmed**

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

The initial application of the above standards/amendments to MFRSs is not expected to have any material impact to the financial statements of the Group upon adoption, except for *MFRS 18 Presentation and Disclosure in Financial Statements*.

*MFRS 18* introduces new requirements on presentation within the statements of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to *MFRS 107 Statement of Cash Flows* and *MFRS 134 Interim Financial Reporting*.

The amendments will have an impact on the Group's presentation of statements of comprehensive income, statements of cash flows and additional disclosures in the notes to the financial statements but not on the measurement or recognition of any items in the Group's financial statements.

The Group is currently assessing the impact of *MFRS 18* and plans to adopt the new standard on the required effective date.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

##### ***Determining the lease term of contracts with renewal and termination options – Group as lessee***

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group has included the extension options period as part of the lease term for leases of offices as it is reasonably certain that the extension options will be exercised. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) **Revenue recognition – Percentage of completion**

Revenue from silicon intellectual properties and custom application-specific integrated circuits are recognised over time. The amount of revenue recognised at the reporting date depends on the extent to which the performance obligation has been satisfied. This is done by determining the stage of completion. The stage of completion is measured based on the engineer hours spent on the work performed to date as a percentage of the estimated total project hours.

Significant judgement is required in determining the stage of completion, the extent of the engineer hours estimated to be spent on the work to be performed and the estimated total project hours.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**(ii) Provision for expected credit losses ("ECL") of receivables**

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

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

The information about the ECL on the Group's trade receivables is disclosed in Note 30.3 to the financial statements.

**(iii) Leases – Estimating the incremental borrowing rate ("IBR")**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

**13. ACCOUNTANTS' REPORT (Cont'd)****4. PLANT AND EQUIPMENT**

	<b>Computer and software RM</b>	<b>Prototype equipment RM</b>	<b>Engineering tools RM</b>	<b>Furniture, fittings and office equipment RM</b>	<b>Renovation RM</b>	<b>Total RM</b>
<b>2025</b>						
<b>At cost</b>						
Balance at beginning	3,320,195	3,263,243	8,389,606	613,296	498,179	16,084,519
Additions	<u>3,272,038</u>	<u>6,210,829</u>	<u>21,374,164</u>	<u>86,269</u>	<u>234,205</u>	<u>31,177,505</u>
Balance at end	<u>6,592,233</u>	<u>9,474,072</u>	<u>29,763,770</u>	<u>699,565</u>	<u>732,384</u>	<u>47,262,024</u>
<b>Accumulated depreciation</b>						
Balance at beginning	1,932,898	815,922	214,033	74,592	120,657	3,158,102
Current charge	<u>1,195,622</u>	<u>1,676,101</u>	<u>2,109,411</u>	<u>64,728</u>	<u>99,433</u>	<u>5,145,295</u>
Balance at end	<u>3,128,520</u>	<u>2,492,023</u>	<u>2,323,444</u>	<u>139,320</u>	<u>220,090</u>	<u>8,303,397</u>
<b>Carrying amount</b>	<u>3,463,713</u>	<u>6,982,049</u>	<u>27,440,326</u>	<u>560,245</u>	<u>512,294</u>	<u>38,958,627</u>
<b>2024</b>						
<b>At cost</b>						
Balance at beginning	2,186,382	1,793,632	-	364,437	341,847	4,686,298
Additions	<u>1,133,813</u>	<u>1,469,611</u>	<u>8,389,606</u>	<u>248,859</u>	<u>156,332</u>	<u>11,398,221</u>
Balance at end	<u>3,320,195</u>	<u>3,263,243</u>	<u>8,389,606</u>	<u>613,296</u>	<u>498,179</u>	<u>16,084,519</u>
<b>Accumulated depreciation</b>						
Balance at beginning	1,086,428	401,428	-	26,289	49,880	1,564,025
Current charge	<u>846,470</u>	<u>414,494</u>	<u>214,033</u>	<u>48,303</u>	<u>70,777</u>	<u>1,594,077</u>
Balance at end	<u>1,932,898</u>	<u>815,922</u>	<u>214,033</u>	<u>74,592</u>	<u>120,657</u>	<u>3,158,102</u>
<b>Carrying amount</b>	<u>1,387,297</u>	<u>2,447,321</u>	<u>8,175,573</u>	<u>538,704</u>	<u>377,522</u>	<u>12,926,417</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

	Computer and software RM	Prototype equipment RM	Engineering tools RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
<b>2023</b>						
<b>At cost</b>						
Balance at beginning	2,791,578	-	-	74,650	89,682	2,955,910
Additions	956,747	231,689	-	302,923	252,165	1,743,524
Disposals	-	-	-	(13,136)	-	(13,136)
Reclassification	(1,561,943)	1,561,943	-	-	-	-
Balance at end	<u>2,186,382</u>	<u>1,793,632</u>	<u>-</u>	<u>364,437</u>	<u>341,847</u>	<u>4,686,298</u>
<b>Accumulated depreciation</b>						
Balance at beginning	516,276	-	-	7,655	19,710	543,641
Current charge	613,539	358,041	-	21,042	30,170	1,022,792
Disposals	-	-	-	(2,408)	-	(2,408)
Reclassification	(43,387)	43,387	-	-	-	-
Balance at end	<u>1,086,428</u>	<u>401,428</u>	<u>-</u>	<u>26,289</u>	<u>49,880</u>	<u>1,564,025</u>
<b>Carrying amount</b>	<u>1,099,954</u>	<u>1,392,204</u>	<u>-</u>	<u>338,148</u>	<u>291,967</u>	<u>3,122,273</u>

**Material accounting policy information**

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

Plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Computer and software	33%
Prototype equipment	20%
Engineering tools	10%
Furniture, fittings and office equipment	10%
Renovation	17%

**13. ACCOUNTANTS' REPORT (Cont'd)****5. INTANGIBLE ASSETS**

	<b>Patents RM</b>	<b>Intellectual properties RM</b>	<b>Total RM</b>
<b>2025</b>			
<b>At cost</b>			
Balance at beginning	1,519,530	-	1,519,530
Additions	463,529	5,128,445	5,591,974
Written offs	(9,114)	-	(9,114)
Foreign currency translation	-	(72,775)	(72,775)
	<u>1,973,945</u>	<u>5,055,670</u>	<u>7,029,615</u>
Balance at end			
<b>Accumulated amortisation</b>			
Balance at beginning	18,744	-	18,744
Current charge	218,103	391,690	609,793
Foreign currency translation	-	(5,559)	(5,559)
	<u>236,847</u>	<u>386,131</u>	<u>622,978</u>
Balance at end			
<b>Carrying amount</b>	<u>1,737,098</u>	<u>4,669,539</u>	<u>6,406,637</u>
<b>2024</b>			
<b>At cost</b>			
Balance at beginning	988,660	-	988,660
Additions	530,870	-	530,870
	<u>1,519,530</u>	<u>-</u>	<u>1,519,530</u>
Balance at end			
<b>Accumulated amortisation</b>			
Balance at beginning	4,306	-	4,306
Current charge	14,438	-	14,438
	<u>18,744</u>	<u>-</u>	<u>18,744</u>
Balance at end			
<b>Carrying amount</b>	<u>1,500,786</u>	<u>-</u>	<u>1,500,786</u>
<b>2023</b>			
<b>At cost</b>			
Balance at beginning	612,582	-	612,582
Additions	376,078	-	376,078
	<u>988,660</u>	<u>-</u>	<u>988,660</u>
Balance at end			
<b>Accumulated amortisation</b>			
Current charge/Balance at end	4,306	-	4,306
	<u>984,354</u>	<u>-</u>	<u>984,354</u>
<b>Carrying amount</b>			

**13. ACCOUNTANTS' REPORT (Cont'd)****Material accounting policy information**

Intangible assets, which are acquired separately that have finite useful lives, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Intangible assets are amortised on the straight-line method to write off the cost to their residual values over their estimated useful lives, at the following annual rates:

Patents	20 years
Intellectual properties	8 years

**6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES****Group as a lessee**

The Group has lease contracts for lab and offices used in its operations that have lease terms between 2 to 3 years, with an option to extend the lease for another 2 to 3 years. The lease contracts restrict the Group from assigning and subleasing the leased assets.

The Group also has certain leases of lab, equipment and data storage with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

**Right-of-use assets**

Set out below are the carrying amounts of right-of-use assets and the movements during the financial year:

	Lab RM	Offices RM	Total RM
<b>2025</b>			
Balance at beginning	-	4,194,114	4,194,114
Depreciation	-	(1,184,381)	(1,184,381)
Lease modification	-	22,680	22,680
	<u>-</u>	<u>3,032,413</u>	<u>3,032,413</u>
Balance at end	<u>-</u>	<u>3,032,413</u>	<u>3,032,413</u>
<b>2024</b>			
Balance at beginning	-	3,009,754	3,009,754
Additions	-	2,056,309	2,056,309
Depreciation	-	(871,949)	(871,949)
	<u>-</u>	<u>4,194,114</u>	<u>4,194,114</u>
Balance at end	<u>-</u>	<u>4,194,114</u>	<u>4,194,114</u>
<b>2023</b>			
Balance at beginning	3,294	1,121,502	1,124,796
Additions	-	2,367,664	2,367,664
Depreciation	(3,294)	(479,412)	(482,706)
	<u>3,294</u>	<u>1,642,150</u>	<u>1,645,444</u>
Balance at end	<u>-</u>	<u>3,009,754</u>	<u>3,009,754</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****Lease liabilities**

Set out below are the carrying amounts of lease liabilities and the movements during the financial year:

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Balance at beginning	4,313,076	3,070,112	1,150,707
Additions	-	2,056,309	2,367,664
Accretion of interest	200,056	171,380	91,346
Lease modification	22,680	-	-
Payments	<u>(1,339,506)</u>	<u>(984,725)</u>	<u>(539,605)</u>
Balance at end	<u><b>3,196,306</b></u>	<u><b>4,313,076</b></u>	<u><b>3,070,112</b></u>
Represented by:			
Non-current liabilities	1,992,598	3,177,406	2,459,744
Current liabilities	<u>1,203,708</u>	<u>1,135,670</u>	<u>610,368</u>
	<u><b>3,196,306</b></u>	<u><b>4,313,076</b></u>	<u><b>3,070,112</b></u>

The maturity analysis of lease liabilities is disclosed in Note 30.4 to the financial statements.

The following are the amounts recognised in profit or loss:

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Accretion of interest on lease liabilities	200,056	171,380	91,346
Depreciation of right-of-use assets	1,184,381	871,949	482,706
Expense relating to leases of low-value assets	14,502	9,420	5,562
Expense relating to short-term leases	<u>82,181</u>	<u>534,906</u>	<u>29,478</u>
<b>Total amount recognised in profit or loss</b>	<u><b>1,481,120</b></u>	<u><b>1,587,655</b></u>	<u><b>609,092</b></u>
<b>Total cash outflows for leases</b>	<u><b>1,436,189</b></u>	<u><b>1,529,051</b></u>	<u><b>574,645</b></u>

**Material accounting policy information****Right-of-use assets**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Right-of-use assets are depreciated on a straight-line basis over their lease terms of 4 to 6 years.

**13. ACCOUNTANTS' REPORT (Cont'd)****7. TRADE AND OTHER RECEIVABLES**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
<b>Trade receivables</b>			
Third parties	<u>26,610,225</u>	<u>14,045,107</u>	<u>-</u>
<b>Other receivables</b>			
Refundable deposits	431,925	446,100	280,753
Non-refundable deposits	821,535	-	-
Prepayments	<u>7,368,247</u>	<u>3,382,601</u>	<u>78,019</u>
	<u>8,621,707</u>	<u>3,828,701</u>	<u>358,772</u>
<b>Total trade and other receivables</b>	<u>35,231,932</u>	<u>17,873,808</u>	<u>358,772</u>

The normal credit terms granted to trade receivables range from 7 to 30 days (2024: 7 to 45 days; 2023: Nil). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The currency profile of trade and other receivables is as follows:

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
United States Dollar	31,963,857	16,161,186	-
Ringgit Malaysia	3,257,631	1,712,622	358,772
Vietnam Dong	<u>10,444</u>	<u>-</u>	<u>-</u>
	<u>35,231,932</u>	<u>17,873,808</u>	<u>358,772</u>

**8. CONTRACT ASSETS/(LIABILITIES)**

	<b>NOTE</b>	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
<b>Contract assets</b>				
- Accrued billings in respect of contracts from silicon intellectual properties	<b>8.1</b>	<u>525,076</u>	<u>-</u>	<u>-</u>
<b>Contract liabilities</b>				
- Deposits received from customers	<b>8.2</b>	<u>-</u>	<u>-</u>	<u>(11,500,409)</u>

**8.1 Contract assets - accrued billings in respect of contracts from silicon intellectual properties**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Revenue recognised during the financial year	18,185,186	-	-
Progress billings during the financial year	<u>(17,660,110)</u>	<u>-</u>	<u>-</u>
Balance at end	<u>525,076</u>	<u>-</u>	<u>-</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

Contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the end of the reporting period. The contract assets as at 31.3.2025 are mainly due to recognition of silicon intellectual properties revenue based on the percentage of completion in which the progress billings have yet to be issued to the customers during the financial year.

**8.2 Contract liabilities - deposits received from customers**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Balance at beginning	-	11,500,409	-
Advances received during the financial year	-	-	11,500,409
Revenue recognised during the financial year	-	(11,500,409)	-
	<u>-</u>	<u>(11,500,409)</u>	<u>-</u>
Balance at end	<u>-</u>	<u>-</u>	<u>11,500,409</u>

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sales of silicon intellectual properties.

**9. OTHER INVESTMENTS**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
<b>At fair value through profit or loss ("FVTPL"):</b>			
Short term investments	<u>7,339,448</u>	<u>22,549,575</u>	<u>31,463,469</u>

The short term investments represent investments in bond and money market instruments with different maturity period and can be redeemed at any time upon notice given to the established asset management firm or financial institution.

The currency profile of other investments is as follows:

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Ringgit Malaysia	7,339,448	22,549,575	29,503,947
United States Dollar	<u>-</u>	<u>-</u>	<u>1,959,522</u>
	<u>7,339,448</u>	<u>22,549,575</u>	<u>31,463,469</u>

**10. CASH AND BANK BALANCES**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Fixed deposits with a licensed bank	-	-	9,481,120
Short term money market deposits	5,853,063	3,917,964	2,034,940
Cash in hand and at banks	<u>36,597,564</u>	<u>20,951,665</u>	<u>17,941,402</u>
	<u>42,450,627</u>	<u>24,869,629</u>	<u>29,457,462</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

The effective interest rates per annum and maturities of the fixed deposits with a licensed bank and short term money market deposits as at the end of the reporting period are as follows:

	<b>2025</b>	<b>2024</b>	<b>2023</b>
Fixed deposits with a licensed bank			
- Effective interest rates per annum (%)	-	-	4.55 - 4.85
- Maturities (months)	-	-	1 - 3
	<u>          </u>	<u>          </u>	<u>          </u>
Short term money market deposits			
- Effective interest rates per annum (%)	1.48 - 3.50	1.48	0.38
- Maturities (days)	1	1	1
	<u>          </u>	<u>          </u>	<u>          </u>

The currency profile of cash and bank balances is as follows:

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Ringgit Malaysia	28,204,240	4,744,386	2,408,285
United States Dollar	14,104,843	15,410,739	27,034,185
Renminbi	91,337	4,711,004	14,992
Singapore Dollar	50,207	3,500	-
	<u>42,450,627</u>	<u>24,869,629</u>	<u>29,457,462</u>

**11. SHARE CAPITAL**

	-----Number of ordinary shares-----		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Issued and fully paid:</b>			
Balance at beginning	300,000,001	200,000,001	100,000,001
Issuance of ordinary shares	-	100,000,000	100,000,000
	<u>300,000,001</u>	<u>300,000,001</u>	<u>200,000,001</u>
Balance at end	<u>300,000,001</u>	<u>300,000,001</u>	<u>200,000,001</u>
	-----Amount-----		
	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
<b>Issued and fully paid:</b>			
Balance at beginning	3,000,001	2,000,001	1,000,001
Issuance of ordinary shares	-	1,000,000	1,000,000
	<u>3,000,001</u>	<u>3,000,001</u>	<u>2,000,001</u>
Balance at end	<u>3,000,001</u>	<u>3,000,001</u>	<u>2,000,001</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****12. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")**

	Number of ICPS		
	2025	2024	2023
<b>Issued and fully paid:</b>			
Issuance of ICPS/Balance at end	12,500,000	-	-
	Amount		
	2025 RM	2024 RM	2023 RM
<b>Issued and fully paid:</b>			
Issuance of ICPS/Balance at end	29,250,000	-	-

The salient terms of the ICPS are as follows:

- (i) The ICPS shall be convertible into ordinary shares of the Company on the basis of 1 ordinary share for every 1 ICPS held prior to the submission of confirmation for registration of the Prospectus;
- (ii) The rights to dividends of the holders of the ICPS shall be the same as that of the other ordinary shareholders;
- (iii) The ICPS shall rank *pari passu* among themselves. The Company may issue any other class of shares, including those which rank equally with or in priority to the ICPS without approval of the holders of the ICPS;
- (iv) The rights attached to the ICPS shall not be modified, varied, changed, abrogated or deleted in any manner whatsoever without the prior written consent of not less than 75% of the holders of the ICPS by voting rights attached to each ICPS;
- (v) Any ordinary shares to be issued upon the conversion of the ICPS shall upon allotment and issue rank equal in all respects with the then existing ordinary shares of the Company;
- (vi) The ICPS shall rank in priority to the ordinary shares and such other class of shares (if applicable) but junior to the claims of all other present and future creditors of the Company in the event of any winding up of the Company; and
- (vii) In the event the Company is wound up, undergoes a merger or consolidation resulting in a change of control in respect of the shareholding, Board of Directors and/or management, or there is a sale of its substantial or all of its assets, the holders of the ICPS shall be entitled to receive the greater of:
  - (a) the nominal amount on the outstanding ICPS equivalent to the aggregate conversion price for the outstanding number of ICPS held at that time; or
  - (b) an amount in proportion to the ICPS held (on a fully converted and fully diluted basis) of such distribution,

in priority to the ordinary shareholders.

**13. ACCOUNTANTS' REPORT (Cont'd)****13. FOREIGN CURRENCY TRANSLATION RESERVE**

The foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

**14. DEFERRED INCOME**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
<b>Government grants</b>			
Balance at beginning	565,119	644,780	776,637
Received during the financial year	-	4,000,000	-
Recognised in profit or loss	<u>(103,567)</u>	<u>(4,079,661)</u>	<u>(131,857)</u>
Balance at end	<u>461,552</u>	<u>565,119</u>	<u>644,780</u>
Represented by:			
Non-current liabilities	432,803	555,007	570,750
Current liabilities	<u>28,749</u>	<u>10,112</u>	<u>74,030</u>
	<u>461,552</u>	<u>565,119</u>	<u>644,780</u>

Government grants have been received for the purchase of plant and equipment, patents registration and qualified operating expenses. There are no unfulfilled conditions or contingencies attached to this grant.

**Material accounting policy information**

The Group has elected to present government grants related to assets as deferred income.

**15. DEFERRED TAX LIABILITIES**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Balance at beginning	430,000	3,000	248,000
Recognised in profit or loss	<u>747,000</u>	<u>418,000</u>	<u>(68,000)</u>
	1,177,000	421,000	180,000
(Over)/Under provision in prior year	<u>(1,000)</u>	<u>9,000</u>	<u>(177,000)</u>
Balance at end	<u>1,176,000</u>	<u>430,000</u>	<u>3,000</u>

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

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Plant and equipment	2,023,000	632,000	71,000
Right-of-use assets	728,000	1,006,000	722,000
Lease liabilities	(767,000)	(1,035,000)	(737,000)
Other deductible temporary differences	<u>(808,000)</u>	<u>(173,000)</u>	<u>(53,000)</u>
	<u>1,176,000</u>	<u>430,000</u>	<u>3,000</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****16. OTHER PAYABLES**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Sundry payables	649,889	34,972	-
Accruals	2,052,670	4,920,252	758,707
Dividend payable	-	12,362,728	7,000,000
	<u>2,702,559</u>	<u>17,317,952</u>	<u>7,758,707</u>

The currency profile of other payables is as follows:

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Ringgit Malaysia	2,604,725	17,317,952	7,758,707
Renminbi	50,165	-	-
Singapore Dollar	47,669	-	-
	<u>2,702,559</u>	<u>17,317,952</u>	<u>7,758,707</u>

**17. REVENUE****17.1 Disaggregated revenue information**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
<b>Revenue by type</b>			
Silicon intellectual properties ("IP")	85,739,178	76,326,807	57,158,562
Custom application-specific integrated circuits ("ASIC")	31,933,687	-	-
Others	1,830,135	736,426	-
<b>Total revenue from contracts with customers</b>	<u>119,503,000</u>	<u>77,063,233</u>	<u>57,158,562</u>
<b>Geographical markets</b>			
People's Republic of China	67,473,042	56,123,800	35,170,987
Taiwan	39,997,154	19,135,998	18,003,825
Malaysia	9,704,339	-	3,983,750
Singapore	1,236,600	1,803,435	-
Hong Kong	1,091,865	-	-
<b>Total revenue from contracts with customers</b>	<u>119,503,000</u>	<u>77,063,233</u>	<u>57,158,562</u>
<b>Timing of revenue recognition</b>			
At a point in time	6,200,785	2,030,063	5,919,029
Over time	113,302,215	75,033,170	51,239,533
<b>Total revenue from contracts with customers</b>	<u>119,503,000</u>	<u>77,063,233</u>	<u>57,158,562</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****17.2 Contract balances**

	<b>2025</b> <b>RM</b>	<b>2024</b> <b>RM</b>	<b>2023</b> <b>RM</b>
Trade receivables (Note 7)	26,610,225	14,045,107	-
Contract assets (Note 8)	525,076	-	-
Contract liabilities (Note 8)	-	-	<u>(11,500,409)</u>

**17.3 Performance obligations**

The performance obligations of the respective revenue are as follows:

**(i) Silicon IP**

The Group has entered into agreements with the customers where under the terms of the contracts, the control of the silicon IP is transferred over time as the customer simultaneously receives and consumes the benefits provided by the Group. Depending on the type of the silicon IP, the silicon IP can be delivered in multiple stages due to the complexity of the silicon IP being delivered, and the need for the customers to integrate the silicon IP with other IP building blocks in their chip designs.

Revenue from silicon IP is therefore recognised over time by reference to the stage of completion of the project, measured based on the engineer hours spent on the work performed to date as a percentage of the estimated total project hours.

Certain revenue from silicon IP are recognised at a point in time upon granting the right to use the silicon IP, as stated in the agreements with the customers.

Variable consideration

In certain contracts, the Group is entitled to additional revenue if the silicon IP meets certain performance targets specified in the contract.

If the consideration in a contract includes a variable amount, the Group estimates the amount of variable consideration to which it will be entitled to exchange for meeting the performance targets. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

**(ii) Custom ASIC**

The Group has entered into agreements with the customers where under the terms of the contracts, the control of the custom ASIC design is transferred over time as the customer simultaneously receives and consumes the benefits provided by the Group. Depending on the type of the custom ASIC design, the custom ASIC design can be delivered in multiple stages due to the complexity of the custom ASIC design being delivered.

Revenue from custom ASIC design is therefore recognised over time by reference to the stage of completion of the project, measured based on the engineer hours spent on the work performed to date as a percentage of the estimated total project hours.

The physical integrated circuits ("IC") fabricated from the custom ASIC design will be recognised at a point in time when the control of the physical IC is transferred to the customers, generally on delivery of the physical IC.

**13. ACCOUNTANTS' REPORT (Cont'd)****(iii) Others**

Others refer to the revenue arising from the design support services and design of memory test system which are recognised at a point in time when the services are rendered and completed.

**Unsatisfied performance obligations**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) under revenue from silicon IP and custom ASIC to be fulfilled as follows:

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Within one year	29,495,988	15,519,730	24,866,760
More than one year and less than five years	<u>3,900,728</u>	<u>9,622,325</u>	<u>-</u>

**18. COST OF SALES**

Included in the cost of sales is employee benefits expenses paid to engineers amounting to RM54,924,187 (2024: RM36,737,142; 2023: RM21,088,402) as disclosed in Note 23 to the financial statements.

**19. OTHER INCOME**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Amortisation of government grants	103,567	4,079,661	131,857
Fair value gain on other investments	151,521	361,364	-
Gain on disposal of other investments	126,546	438,324	-
Gain on foreign exchange:			
- realised	84,301	77,643	-
- unrealised	-	1,366,312	-
Miscellaneous income	<u>1,102,727</u>	<u>507,380</u>	<u>377,758</u>
	<u>1,568,662</u>	<u>6,830,684</u>	<u>509,615</u>

**20. FINANCE COST**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Accretion of interest on lease liabilities	<u>200,056</u>	<u>171,380</u>	<u>91,346</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****21. FINANCE INCOME**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Interest income from:			
- current accounts	621,517	278,199	281,238
- fixed deposits with a licensed bank	-	99,447	-
- other investments	<u>52,063</u>	<u>732,923</u>	<u>256,406</u>
	<u><b>673,580</b></u>	<u><b>1,110,569</b></u>	<u><b>537,644</b></u>

**22. PROFIT BEFORE TAX**

This is arrived at:

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
After charging:			
Amortisation of intangible assets	609,793	14,438	4,306
Depreciation of:			
- plant and equipment	5,145,295	1,594,077	1,022,792
- right-of-use assets	1,184,381	871,949	482,706
Directors' fees	17,375	-	-
Employee benefits expenses (Note 23)	60,116,815	40,262,177	22,537,320
Expense relating to leases of low-value assets	14,502	9,420	5,562
Expense relating to short-term leases	82,181	534,906	29,478
Fair value loss on other investments	-	-	99,954
Intangible assets written off	9,114	-	-
License fees	4,775,863	3,144,668	1,045,687
Loss on disposal of plant and equipment	-	-	7,328
Loss on foreign exchange:			
- realised	5,925	-	-
- unrealised	1,170,660	757	1,573,216
Refund of government grants	<u>-</u>	<u>603,742</u>	<u>-</u>

**23. EMPLOYEE BENEFITS EXPENSES**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Salaries, bonus, allowances and incentive	53,393,912	35,727,820	20,135,597
Defined contribution plan ("EPF")	6,319,374	4,323,390	2,293,128
Social security contribution ("SOCSO")	366,171	189,608	97,900
Employment insurance scheme ("EIS")	<u>37,358</u>	<u>21,359</u>	<u>10,695</u>
	60,116,815	40,262,177	22,537,320
Less: Charge to cost of sales (Note 18)	<u>(54,924,187)</u>	<u>(36,737,142)</u>	<u>(21,088,402)</u>
	<u><b>5,192,628</b></u>	<u><b>3,525,035</b></u>	<u><b>1,448,918</b></u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

Included in the employee benefits expenses is directors' emoluments as shown below:

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
<b>Executive directors</b>			
Salaries, allowances and incentive	2,769,679	1,908,679	798,880
EPF	526,142	362,656	151,938
SOCSSO	1,963	1,783	952
EIS	131	119	59
	<u>3,297,915</u>	<u>2,273,237</u>	<u>951,829</u>
<b>Non-executive directors</b>			
Allowances	<u>8,750</u>	<u>-</u>	<u>-</u>
	<u>3,306,665</u>	<u>2,273,237</u>	<u>951,829</u>

**24. TAXATION**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Malaysian income tax:			
Based on results for the financial year			
- Current tax	(250,000)	(300,000)	-
- Deferred tax relating to the origination and reversal of temporary differences	<u>(747,000)</u>	<u>(418,000)</u>	<u>68,000</u>
	(997,000)	(718,000)	68,000
(Under)/Over provision in prior year			
- Current tax	<u>(59,442)</u>	<u>(129,035)</u>	<u>(3,465)</u>
- Deferred tax	<u>1,000</u>	<u>(9,000)</u>	<u>177,000</u>
	<u>(58,442)</u>	<u>(138,035)</u>	<u>173,535</u>
	<u>(1,055,442)</u>	<u>(856,035)</u>	<u>241,535</u>

The reconciliation of taxation of the Group is as follows:

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Profit before tax	<u>36,998,653</u>	<u>34,563,538</u>	<u>28,399,456</u>
Income tax at Malaysian statutory tax rate of 24%	(8,879,677)	(8,295,249)	(6,815,869)
Income not subject to tax	91,592	191,925	-
Expenses not deductible for tax purposes	(312,862)	(11,548)	(245,551)
Pioneer income not subject to tax	<u>8,103,947</u>	<u>7,396,872</u>	<u>7,129,420</u>
	(997,000)	(718,000)	68,000
(Under)/Over provision in prior year	<u>(58,442)</u>	<u>(138,035)</u>	<u>173,535</u>
	<u>(1,055,442)</u>	<u>(856,035)</u>	<u>241,535</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

The Group has been granted pioneer status of tax exemption on 100% of statutory income for five years from 10 September 2020 to 9 September 2025 under Section 127(3A) of the Income Tax Act 1967, for the activities of design and development of IC, sales of IP, software and ASIC.

The Company has, on 9 June 2025, submitted an application to the Malaysian Investment Development Authority for tax exemption under promoted activities for IC design.

**25. EARNINGS PER SHARE****Basic earnings per share**

Basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year:

	<b>2025</b>	<b>2024</b>	<b>2023</b>
Profit attributable to owners of the Company (RM)	<u>35,943,211</u>	<u>33,707,503</u>	<u>28,640,991</u>
Weighted average number of ordinary shares in issue	<u>300,000,001</u>	<u>267,486,340</u>	<u>179,178,083</u>
Basic earnings per share (sen)	<u>11.98</u>	<u>12.60</u>	<u>15.98</u>

**Diluted earnings per share**

Diluted earnings per share of the Group is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year after adjusting for the dilutive effects of all potential ordinary shares:

	<b>2025</b>	<b>2024</b>	<b>2023</b>
Profit attributable to owners of the Company (RM)	<u>35,943,211</u>	<u>33,707,503</u>	<u>28,640,991</u>
Weighted average number of ordinary shares in issue	300,000,001	267,486,340	179,178,083
Adjustment for conversion of ICPS	<u>12,500,000</u>	<u>-</u>	<u>-</u>
	<u>312,500,001</u>	<u>267,486,340</u>	<u>179,178,083</u>
Diluted earnings per share (sen)	<u>11.50</u>	<u>12.60</u>	<u>15.98</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****26. DIVIDENDS**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
<b>In respect of the financial year ended 31 March 2024:</b>			
- First interim single tier dividend of approximately RM0.017 per share	-	5,000,000	-
- Second interim single tier dividend of approximately RM0.012 per share	-	3,500,000	-
- Special interim single tier dividend of approximately RM0.035 per share	-	10,500,000	-
<b>In respect of the financial year ended 31 March 2023:</b>			
- Interim single tier dividend of RM0.035 per share	-	-	7,000,000
<b>In respect of the financial year ended 31 March 2022:</b>			
- Third interim single tier dividend of RM0.02 per share	-	-	2,000,000
	<u>-</u>	<u>-</u>	<u>2,000,000</u>
	<u>-</u>	<u>19,000,000</u>	<u>9,000,000</u>

**27. SEGMENTAL INFORMATION****By business segments**

The management determines the business segments based on the reports reviewed and used by the directors for strategic decisions making and resources allocation.

The Group has only one reportable business segment which relates principally to the provision of semiconductor intellectual property, integrated circuit manufacturing, software design and development and engineering consultation. Accordingly, no business segmental information is presented.

**By geographical segments**

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers as disclosed in Note 17.1 to the financial statements. Segment assets are based on the geographical location of assets.

	-----Non-current assets-----		
	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Malaysia	43,728,138	18,621,317	7,116,381
Singapore	4,669,539	-	-
	<u>48,397,677</u>	<u>18,621,317</u>	<u>7,116,381</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****Information about major customers**

The following are major customers which individually contributed to more than 10% of the Group's total revenue:

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Customer 1	12,066,410	19,135,998	18,003,825
Customer 2	*	18,896,562	33,235,707
Customer 3	32,228,682	15,610,879	-
Customer 4	*	9,315,647	-
Customer 5	27,930,744	-	-
	<u>72,225,836</u>	<u>62,959,086</u>	<u>51,239,532</u>

\* Not applicable as the contribution is less than 10% of the Group's total revenue.

**28. RELATED PARTY DISCLOSURES****(i) Identity of related party**

The Group has related party relationships with its key management personnel and the following party:

<b>Related party</b>	<b>Relationship</b>
ICWorks Sdn. Bhd. (in the process of winding up)	: A company in which the directors of the Company have substantial financial interests.

**(ii) Significant related party transactions**

Significant related party transactions have been entered into at terms agreed between the parties during the financial year.

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Sales of silicon IP to a related party	-	-	3,983,750
Transfer of plant and equipment from a related party	-	132,663	-
Transfer of deposits from a related party	-	81,880	-

**(iii) Compensation of key management personnel**

Key management personnel are defined as those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

**13. ACCOUNTANTS' REPORT (Cont'd)**

The remuneration of the directors and other members of key management personnel during the financial year is as follows:

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Fees	17,375	-	-
Salaries, bonus, allowances and incentive	4,361,321	2,106,420	798,880
EPF	715,594	386,390	151,938
SOCSSO	5,400	2,711	952
EIS	430	218	59
	<u>5,100,120</u>	<u>2,495,739</u>	<u>951,829</u>
Analysed as:			
Directors	3,324,040	2,273,237	951,829
Other key management personnel	1,776,080	222,502	-
	<u>5,100,120</u>	<u>2,495,739</u>	<u>951,829</u>

**29. CAPITAL COMMITMENTS**

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Contracted but not provided for:			
- Plant and equipment	<u>509,603</u>	<u>-</u>	<u>66,270</u>

**30. FINANCIAL INSTRUMENTS****30.1 Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as amortised cost ("AC") and FVTPL.

	<b>Carrying amount RM</b>	<b>AC RM</b>	<b>FVTPL RM</b>
<b>2025</b>			
<b>Financial assets</b>			
Trade and other receivables (excluding non-refundable deposits and prepayments)	27,042,150	27,042,150	-
Other investments	7,339,448	-	7,339,448
Cash and bank balances	<u>42,450,627</u>	<u>42,450,627</u>	<u>-</u>
	<u>76,832,225</u>	<u>69,492,777</u>	<u>7,339,448</u>
<b>Financial liability</b>			
Other payables	<u>2,702,559</u>	<u>2,702,559</u>	<u>-</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

	Carrying amount RM	AC RM	FVTPL RM
<b>2024</b>			
<b>Financial assets</b>			
Trade and other receivables (excluding prepayments)	14,491,207	14,491,207	-
Other investments	22,549,575	-	22,549,575
Cash and bank balances	<u>24,869,629</u>	<u>24,869,629</u>	<u>-</u>
	<u>61,910,411</u>	<u>39,360,836</u>	<u>22,549,575</u>
<b>Financial liability</b>			
Other payables (excluding dividend payable)	<u>4,955,224</u>	<u>4,955,224</u>	<u>-</u>
<b>2023</b>			
<b>Financial assets</b>			
Trade and other receivables (excluding prepayments)	280,753	280,753	-
Other investments	31,463,469	-	31,463,469
Cash and bank balances	<u>29,457,462</u>	<u>29,457,462</u>	<u>-</u>
	<u>61,201,684</u>	<u>29,738,215</u>	<u>31,463,469</u>
<b>Financial liability</b>			
Other payables (excluding dividend payable)	<u>758,707</u>	<u>758,707</u>	<u>-</u>

**30.2 Financial risk management**

The Group is exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative activities.

**30.3 Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises principally from its trade receivables.

**Trade receivables**

The Group extends credit terms to customers that range between 7 to 30 days (2024: 7 to 45 days; 2023: Nil). In deciding whether credit shall be extended, the Group will take into consideration factors such as relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, receivables balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount as disclosed in Note 7 to the financial statements.

**13. ACCOUNTANTS' REPORT (Cont'd)**

The ageing analysis of trade receivables of the Group as at the end of the reporting period is as follows:

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Not past due	5,674,880	244,634	-
1 to 60 days past due	20,789,535	8,919,637	-
61 to 120 days past due	-	3,548,248	-
More than 120 days past due	145,810	1,332,588	-
	<u>20,935,345</u>	<u>13,800,473</u>	<u>-</u>
<b>Total</b>	<u><b>26,610,225</b></u>	<u><b>14,045,107</b></u>	<u><b>-</b></u>

The significant concentration of credit risk of the Group as at the end of the reporting period is as follows:

	<b>2025</b>	<b>2024</b>	<b>2023</b>
Number of customers	4	4	-
Outstanding balance over total trade receivables	<u>95%</u>	<u>93%</u>	<u>-</u>

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired are due to the management is of the view that these debts will be collected in due course.

**Maximum exposure to credit risk**

The Group regards the entire trade receivables to be low risk.

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for ECL of trade receivables at an amount equal to lifetime ECL using a simplified approach. The ECL on trade receivables is estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information such as gross domestic products rate has been incorporated in determining the ECL.

Trade receivables are usually collectible and the Group does not have much historical bad debts written off or impairment of trade receivables. There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to administrative matter. No ECL is provided during the financial years under review based on the above assessment as the impact to the Group's financial statements is not material.

**30.4 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

**13. ACCOUNTANTS' REPORT (Cont'd)**

The table below summarises the maturity profile of the Group's financial liabilities as at the end of each reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than five years RM	More than five years RM
<b>2025</b>					
<b>Non-derivative financial liabilities</b>					
Other payables	2,702,559	2,702,559	2,702,559	-	-
Lease liabilities	3,196,306	3,437,226	1,343,285	2,093,941	-
Total undiscounted financial liabilities	5,898,865	6,139,785	4,045,844	2,093,941	-
<b>2024</b>					
<b>Non-derivative financial liabilities</b>					
Other payables (excluding dividend payable)	4,955,224	4,955,224	4,955,224	-	-
Lease liabilities	4,313,076	4,754,051	1,335,725	3,418,326	-
Total undiscounted financial liabilities	9,268,300	9,709,275	6,290,949	3,418,326	-
<b>2023</b>					
<b>Non-derivative financial liabilities</b>					
Other payables (excluding dividend payable)	758,707	758,707	758,707	-	-
Lease liabilities	3,070,112	3,395,776	723,725	2,484,499	187,552
Total undiscounted financial liabilities	3,828,819	4,154,483	1,482,432	2,484,499	187,552

**30.5 Interest rate risk**

The Group's fixed rate instruments are exposed to a risk of change in its fair value due to changes in interest rates.

The interest rate profile of the Group's interest bearing financial instruments based on their carrying amounts as at the end of the reporting period is as follows:

	2025 RM	2024 RM	2023 RM
<b>Fixed rate instruments</b>			
Financial assets	5,853,063	3,917,964	11,516,060

**13. ACCOUNTANTS' REPORT (Cont'd)****Sensitivity analysis for fixed rate instruments**

The Group does not account for any fixed rate financial assets and liabilities at FVTPL, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

**30.6 Foreign currency risk**

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from business activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales that are denominated in currencies other than the functional currency of the Company. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Renminbi ("RMB").

**Sensitivity analysis for foreign currency risk**

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates against RM, with all other variables held constant, of the Group's profit before tax and equity. A 10% strengthening of RM against the following currencies at the end of the reporting period would have decreased profit before tax and equity by the amount shown below and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
USD	4,071,507	3,157,193	2,899,371
RMB	4,117	471,100	1,499
	<u>4,075,624</u>	<u>3,628,293</u>	<u>2,900,870</u>
Decrease in profit before tax			
	<u>4,075,624</u>	<u>3,628,293</u>	<u>2,900,870</u>
Decrease in equity	<u>3,097,474</u>	<u>2,757,503</u>	<u>2,204,661</u>

**30.7 Equity price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial assets designated at FVTPL will fluctuate because of changes in market prices. Equity price risk arises from the Group's other investments which are the investments in bond and money market instruments.

Management of the Group monitors the investments in bond and money market instruments and it can be redeemed at any time upon notice given to the established asset management firm or financial institution.

**Sensitivity analysis for equity price risk**

A 1% increase in prices of the bond and money market instruments at the end of the reporting period, with all other variables held constant, would have increased the Group's profit before tax and equity by the amount shown below, and a decrease would have an equal but opposite effect, arising as a result of higher/lower fair value gain on other investments.

	<b>2025 RM</b>	<b>2024 RM</b>	<b>2023 RM</b>
Increase in profit before tax and equity	<u>73,394</u>	<u>225,496</u>	<u>314,635</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****31. FAIR VALUE MEASUREMENT**

The carrying amounts of the Group's financial assets (other than other investments) and financial liabilities as at the end of the reporting period approximate their fair values due to their short-term nature.

**31.1 Financial assets that are measured at fair value on a recurring basis**

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
<b>2025</b>					
<b>Financial asset</b>					
Other investments	7,339,448	-	-	7,339,448	7,339,448
<b>2024</b>					
<b>Financial asset</b>					
Other investments	22,549,575	-	-	22,549,575	22,549,575
<b>2023</b>					
<b>Financial asset</b>					
Other investments	31,463,469	-	-	31,463,469	31,463,469

**Level 1 fair value**

Level 1 fair value of the other investments is derived by reference to their quoted market prices in active markets at the end of reporting period.

**Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between level 1, 2 and 3 during the financial year.

**32. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its business and to maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**33. EVENTS AFTER REPORTING PERIOD**

- (i) On 20 March 2025, the Company was converted into a public company and was subsequently re-converted into a private limited liability company on 4 August 2025. Thereafter, the Company was converted back into a public company on 17 October 2025.
- (ii) On 28 August 2025, the Company has issued 1,435,350 new ordinary shares at an issue price of RM2.96 per ordinary share for a total cash consideration of RM4,248,636. On 29 August 2025, the Company has subsequently issued another 2,649,800 new ordinary shares at the same issue price of RM2.96 per ordinary share for a total cash consideration of RM7,843,408.
- (iii) On 4 September 2025, the Company has issued 3,093,900 new ICPS at an issue price of RM2.96 per ICPS for a total cash consideration of RM9,157,944.