

Optimax Holdings Berhad
(Registration No: 201801028697 (1290723-T))
(Incorporated in Malaysia)
and its subsidiaries

**Financial statements for the financial
year ended 31 December 2021**

Optimax Holdings Berhad
 (Registration No: 201801028697 (1290723-T))
 (Incorporated in Malaysia)
and its subsidiaries

Directors' report for the financial year ended 31 December 2021

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 2021.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Owners of the Company	12,298	4,332
Non-controlling interests	803	-
	<u>13,101</u>	<u>4,332</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividend

Since the end of the previous financial year, the Company paid a first interim tax-exempted dividend of 1.90 sen per ordinary share totalling to RM5,130,000 on 21 December 2021 in respect of the financial year ended 31 December 2021.

The Directors had on 24 February 2022, declared a second interim tax-exempted dividend of 1.90 sen per ordinary share totalling to RM5,130,000.

The financial statement for the current financial year do not reflect this declared second interim tax-exempted dividend. The dividend will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2022.

Directors

Directors of the Company who served during the financial year until the date of this report are:

Tan Sri Dato' (Dr.) Tan Boon Hock
 Tan Sing Yee

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Directors (continued)

Yap Eng Gee

Yap Ping Hong

Dato' Seri (Dr.) Chen Chaw Min (Appointed on 1 December 2021)

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim (Appointed on 1 December 2021)

Tan Sri Datuk (Dr.) Ir. Ahmad Tajuddin bin Ali (Resigned on 22 February 2022)

Directors of the Company's subsidiaries (excluding Directors who are also Directors of the Company) who served during the financial year until the date of this report are:

Dr. Chuah Kay Leong

Dr. Chang Khai Meng

Dr. Chung Soon Hee

Dr. Hasani Bin Andar

Dr. Lam Hee Hong

Dr. Ngim You Siang

Dr. Ngo Chek Tung

Dr. Nor Zainura Binti Zainal

Dr. Yen Siew Siang

Tan Sing Chia

Dr. Lai Kwong Choy (Appointed on 30 March 2021; Resigned on 7 December 2021)

Directors' interests in shares

The interests and deemed interests in the 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 1.1.2021	Bought	Sold	At 31.12.2021
Interests in the Company:				
Direct interests				
Tan Sri Dato' (Dr.) Tan Boon Hock	85,860,000	-	(13,817,000)	72,043,000
Tan Sing Yee	1,030,000	-	-	1,030,000
Indirect interests				
Tan Sri Dato' (Dr.) Tan Boon Hock ⁽¹⁾	80,246,000	-	-	80,246,000
Number of warrants				
	At 30.12.2021 ⁽²⁾	Bought	Sold	At 31.12.2021
Interests in the Company:				
Direct interests				
Tan Sri Dato' (Dr.) Tan Boon Hock	18,010,750	-	-	18,010,750
Tan Sing Yee	257,500	-	-	257,500
Indirect interests				
Tan Sri Dato' (Dr.) Tan Boon Hock ⁽¹⁾	20,319,000	-	-	20,319,000

⁽¹⁾ Deemed interests by virtue of his interests in Sena Healthcare Services Sdn. Bhd. (formerly known as Optimax Healthcare Services Sdn. Bhd.) pursuant to Section 8(4) of the Companies Act 2016 ("Act") and interests of his spouse and children (except for Tan Sing Yee who is a Director of the Company) by virtue of Section 59(11)(c) of the Act.

⁽²⁾ Date of issuance

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Directors' interests in shares (continued)

By virtue of his interests of more than 20% in the shares of the Company, Tan Sri Dato' (Dr.) Tan Boon Hock is also deemed interested in the shares of all subsidiaries during the financial year to the extent that the Company has an interest.

Details of his deemed interests in non-wholly owned subsidiaries are as follows:

	Number of ordinary shares			
	At 1.1.2021/ Date of incorporation	Bought	Sold	At 31.12.2021
Held through Optimax Eye Specialist Centre Sdn. Bhd. ⁽¹⁾:				
Optimax Eye Specialist Centre (Bandar Sunway) Sdn. Bhd.	560,000	-	-	560,000
Optimax Eye Specialist Centre (Kajang) Sdn. Bhd.	158,000	-	-	158,000
Optimax Eye Specialist Centre (Seri Petaling) Sdn. Bhd.	35,000	-	-	35,000
Optixanthin Sdn. Bhd.	90	-	-	90
Optimax Eye Specialist Centre (Southern) Sdn. Bhd.	70	-	-	70
Optimax International Sdn. Bhd. ⁽²⁾	90	10	-	100
Held through Optimax Eye Specialist Centre (Southern) Sdn. Bhd. ⁽¹⁾:				
Optimax Eye Specialist Centre (Muar) Sdn. Bhd.	70,000	-	-	70,000
Optimax Eye Specialist Centre (Kluang) Sdn. Bhd.	63,000	-	-	63,000
Optimax Eye Specialist Centre (Segamat) Sdn. Bhd.	63,000	-	-	63,000
Inspirasi Alamjaya Sdn. Bhd.	2	-	-	2
Optimax Eye Specialist Centre (Bahau) Sdn. Bhd. ⁽³⁾	1	-	-	1
Optimax Eye Specialist Centre (Sutera) Sdn. Bhd. ⁽⁴⁾	70	-	-	70

⁽¹⁾ Companies with shares held through Optimax Eye Specialist Centre Sdn. Bhd. or Optimax Eye Specialist Centre (Southern) Sdn. Bhd. which in turn is a direct subsidiary of Optimax Holdings Berhad.

⁽²⁾ Optimax International Sdn. Bhd. was incorporated on 30 March 2021.

⁽³⁾ Optimax Eye Specialist Centre (Bahau) Sdn. Bhd. was incorporated on 18 February 2021.

⁽⁴⁾ Optimax Eye Specialist Centre (Sutera) Sdn. Bhd. was incorporated on 9 September 2021.

The other Directors holding office at 31 December 2021 did not have any interest in the shares of the Company and of its related corporations during the financial year.

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Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of a related corporation) by reason of a contract made by the Company or related corporations 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 the related party transactions as disclosed in Note 25 to the financial statements.

There were no arrangements during and 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.

Issue of shares and debentures

There were no other changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Warrants

As at end of the financial year, the Company has the following outstanding warrants:

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding as at 31.12.2021
Warrant A	RM1.20	29.12.2026	67,499,994

Warrant A were issued on 30 December 2021 pursuant to the bonus issue of 67,499,994 free warrants in the Company on the basis of one (1) Warrant for every four (4) existing ordinary shares in the Company. The warrants entitle the holders to subscribe for new ordinary share in the Company on the basis of one new ordinary share for every warrant held at an exercise price of RM1.20 per ordinary share within 5 years from the date of issue of the warrants. The exercise price of the warrants is subject to adjustment from time to time in accordance with the conditions stipulated in the Deed Poll.

Options granted over unissued shares

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

Indemnity and insurance costs

During the financial year, there is no indemnity and insurance purchased for Directors, officers and auditors of the Company.

Qualification of subsidiaries' financial statements

The auditors' report on the audit of the financial statements of the Company's subsidiaries did not contain any qualification.

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Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and no provision needs to be made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- 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 that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

Significant events are disclosed in Note 27 to the financial statements.

Subsequent event

Subsequent event is disclosed in Note 28 to the financial statements.

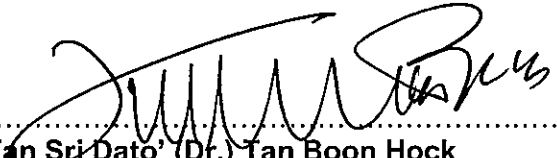
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Auditors

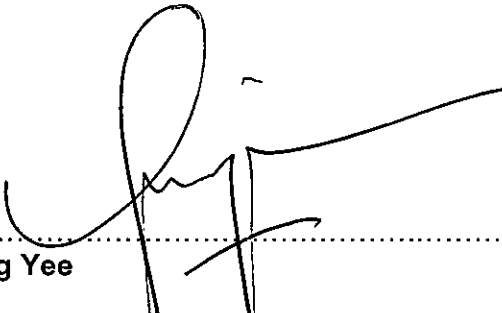
The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 17 to the financial statements.

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



.....
Tan Sri Dato' (Dr.) Tan Boon Hock
Director



.....
Tan Sing Yee
Director

Kuala Lumpur

Date: 20 April 2022

Optimax Holdings Berhad

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Statements of financial position as at 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Property, plant and equipment	3	49,266	42,985	-	-
Right-of-use assets	4	9,462	9,958	-	-
Investments in subsidiaries	5	-	-	19,500	19,500
Deferred tax assets	6	369	462	-	-
Trade and other receivables	7	-	-	10,248	2,423
Total non-current assets		<u>59,097</u>	<u>53,405</u>	<u>29,748</u>	<u>21,923</u>
Inventories	8	3,070	2,220	-	-
Trade and other receivables	7	4,563	1,454	2,822	1,749
Current tax assets		433	112	-	-
Prepayments		1,206	1,001	-	-
Investment in financial assets	9	4,632	15,129	4,632	15,124
Cash and cash equivalents	10	19,614	10,914	922	66
Total current assets		<u>33,518</u>	<u>30,830</u>	<u>8,376</u>	<u>16,939</u>
Total assets		<u>92,615</u>	<u>84,235</u>	<u>38,124</u>	<u>38,862</u>

Statements of financial position as at 31 December 2021 (continued)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Equity					
Share capital	11	39,071	39,071	39,071	39,071
Reserves		15,967	8,799	(1,057)	(259)
Total equity attributable to owners of the Company		<u>55,038</u>	<u>47,870</u>	<u>38,014</u>	<u>38,812</u>
Non-controlling interests		2,704	2,351	-	-
Total equity		<u>57,742</u>	<u>50,221</u>	<u>38,014</u>	<u>38,812</u>
Liabilities					
Loans and borrowings	12	12,188	14,214	-	-
Lease liabilities		6,760	7,008	-	-
Deferred tax liabilities	6	1,957	1,280	-	-
Total non-current liabilities		<u>20,905</u>	<u>22,502</u>	<u>-</u>	<u>-</u>
Loans and borrowings	12	3,620	3,441	-	-
Lease liabilities		1,515	1,750	-	-
Trade and other payables	13	7,788	5,785	110	50
Current tax liabilities		1,045	536	-	-
Total current liabilities		<u>13,968</u>	<u>11,512</u>	<u>110</u>	<u>50</u>
Total liabilities		<u>34,873</u>	<u>34,014</u>	<u>110</u>	<u>50</u>
Total equity and liabilities		<u>92,615</u>	<u>84,235</u>	<u>38,124</u>	<u>38,862</u>

The notes on pages 17 to 81 are an integral part of these financial statements.

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Statements of profit or loss and other comprehensive income for the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	14	88,898	58,020	5,130	-
Other income		169	230	51	34
Inventories and consumables		(19,473)	(12,090)	-	-
Staff costs	15	(34,722)	(22,791)	(411)	(230)
Depreciation expenses		(6,580)	(5,955)	-	-
Other expenses		(8,634)	(6,328)	(818)	(159)
Results from operating activities		19,658	11,086	3,952	(355)
Finance income		191	124	380	123
Finance costs	16	(1,258)	(1,540)	-	-
Profit/(Loss) before tax	17	18,591	9,670	4,332	(232)
Tax expense	18	(5,490)	(3,257)	-	-
Profit/(Loss) and total comprehensive income/ (expense) for the financial year		13,101	6,413	4,332	(232)
Profit/(Loss) and total comprehensive income/ (expense) attributable to:					
Owners of the Company		12,298	5,641	4,332	(232)
Non-controlling interests		803	772	-	-
Profit/(Loss) and total comprehensive income/ (expense) for the financial year		13,101	6,413	4,332	(232)
Earnings per ordinary share (sen)	19				
Basic earnings per ordinary share (sen)		4.55	2.46		
Diluted earnings per ordinary share (sen)		3.64	1.90		

The notes on pages 17 to 81 are an integral part of these financial statements.

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Consolidated statement of changes in equity for the financial year ended 31 December 2021

	Note	← Attributable to owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Invested equity RM'000	Other reserves RM'000	Retained earnings RM'000			
Group								
At 1 January 2020⁽¹⁾		*	2,700	(686)	20,644	22,658	1,579	24,237
Effect of restructuring ⁽²⁾	27	19,500	(2,700)	(16,800)	-	-	-	-
New shares issued by the Company for the Public Issue		21,000	-	-	-	21,000	-	21,000
New shares issuance expenses for the Public Issue	20	(1,429)	-	-	-	(1,429)	-	(1,429)
Profit and total comprehensive income for the financial year		-	-	-	5,641	5,641	772	6,413
At 31 December 2020/1 January 2021		39,071	-	(17,486)	26,285	47,870	2,351	50,221
Dividends to non-controlling interests		-	-	-	-	-	(450)	(450)
Dividends to owners of the Company		-	-	-	(5,130)	(5,130)	-	(5,130)
Profit and total comprehensive income for the financial year		-	-	-	12,298	12,298	803	13,101
At 31 December 2021		39,071	-	(17,486)	33,453	55,038	2,704	57,742

* Denotes RM1

⁽¹⁾ As explained in Note 26 Restructuring exercise, the comparative figures in the Group's financial statements are presented as if the restructuring had occurred before the start of the earliest period presented.

⁽²⁾ The effect of restructuring arose from the Restructuring exercise as explained in Note 26.

Statement of changes in equity for the financial year ended 31 December 2021

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
Company			
At 1 January 2020	*	(27)	(27)
Effect of restructuring ⁽¹⁾	19,500	-	19,500
New shares issued by the Company for the Public Issue	21,000	-	21,000
New shares issuance expenses for the Public Issue	(1,429)	-	(1,429)
Loss and total comprehensive expense for the financial year	-	(232)	(232)
At 31 December 2020/1 January 2021	39,071	(259)	38,812
Dividends to owners of the Company	-	(5,130)	(5,130)
Profit and total comprehensive income for the financial year	-	4,332	4,332
At 31 December 2021	39,071	(1,057)	38,014

Note 11

* Denotes RM1

⁽¹⁾ The effect of restructuring arose from the Restructuring exercise as explained in Note 26.

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**Statements of cash flows for the financial year ended
 31 December 2021**

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		18,591	9,670	4,332	(232)
<i>Adjustments for:</i>					
Finance income	17	(191)	(124)	(380)	(123)
Finance costs	16	1,258	1,540	-	-
Depreciation of property, plant and equipment	3	4,880	4,141	-	-
Depreciation of right-of-use assets	4	1,700	1,814	-	-
Gain on derecognition of right-of-use assets	17	(67)	-	-	-
Dividend income	17	-	-	(5,130)	-
Fair value gain on investment in financial assets	17	(52)	(36)	(52)	(34)
Bad debts written off	17	4	-	-	-
Property, plant and equipment written off	17	6	4	-	-
Initial public offering expenses	17	-	603	-	-
Operating profit/(loss) before changes in working capital		26,129	17,612	(1,230)	(389)
Changes in working capital:					
Inventories		(850)	(410)	-	-
Trade and other receivables		(3,113)	900	67	(1,430)
Prepayments		(205)	136	-	-
Trade and other payables		2,740	(1,561)	60	21
Cash generated from/(used in) operations		24,701	16,677	(1,103)	(1,798)
Dividends received		-	-	5,130	-
Interest received		45	31	165	-
Interest paid		(522)	(631)	-	-
Tax refund		-	127	-	-
Tax paid		(4,532)	(3,248)	-	-
Net cash from/(used in) operating activities		19,692	12,956	4,192	(1,798)

Statements of cash flows for the financial year ended 31 December 2021 (continued)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment		(11,084)	(4,558)	-	-
Proceeds from disposal of property, plant and equipment		112	-	-	-
Net redemption from/(Increase in) investment in financial assets		10,695	(15,000)	10,690	(15,000)
Change in pledged deposits		(18)	(22)	-	-
Advances provided to subsidiaries		-	-	(13,579)	(5,286)
Repayment of advances from subsidiaries		-	-	4,683	1,148
Net cash (used in)/from investing activities		(295)	(19,580)	1,794	(19,138)
Cash flows from financing activities					
Dividends paid to owners of the Company	20	(5,130)	-	(5,130)	-
Dividends paid to non-controlling interests		(450)	-	-	-
Interest paid		(736)	(909)	-	-
Repayment of hire purchase liabilities		(3,319)	(2,110)	-	-
Repayment of term loans		(515)	(3,591)	-	-
Proceeds from hire purchase liabilities		1,055	-	-	-
Proceeds from issuance of new shares		-	21,000	-	21,000
Payment of listings expenses		-	(2,037)	-	-
Payment of lease liabilities		(1,620)	(1,560)	-	-
Net cash (used in)/from financing activities		(10,715)	10,793	(5,130)	21,000
Net increase in cash and cash equivalents		8,682	4,169	856	64
Cash and cash equivalents at 1 January		9,843	5,674	66	2
Cash and cash equivalents at 31 December		18,525	9,843	922	66

Statements of cash flows for the financial year ended 31 December 2021 (continued)

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and cash equivalents	10	19,614	10,914	922	66
Pledged deposits	10	<u>(1,089)</u>	<u>(1,071)</u>	<u>-</u>	<u>-</u>
		<u>18,525</u>	<u>9,843</u>	<u>922</u>	<u>66</u>

(ii) Cash outflows for leases as a lessee

	Note	Group	
		2021 RM'000	2020 RM'000
Included in net cash from operating activities:			
Payment relating to short-term leases	17	647	122
Payment relating to leases of low-value assets	17	17	15
Interest paid in relation to lease liabilities	16	520	601
Included in net cash from financing activities:			
Payment of lease liabilities		<u>1,620</u>	<u>1,560</u>
Total cash outflows for leases		<u>2,804</u>	<u>2,298</u>

Statements of cash flows for the financial year ended 31 December 2021 (continued)

(iii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment as follows:

	Group	
	2021 RM'000	2020 RM'000
Paid in cash	10,952	3,944
In the form of hire purchase	227	3,289 ⁽¹⁾
Balances remained unpaid at financial year end	100	837
	11,279	8,070

⁽¹⁾ The Group entered into hire purchase arrangement to finance an operation equipment amounting to RM1,950,000 in the financial year ended 31 December 2020 in which deposits of RM975,000 was paid in the financial year ended 31 December 2019.

During the financial year, the Group paid the remaining outstanding amounts in relation to property, plant and equipment acquired in the previous financial year of RM132,000 (2020: RM614,000).

The Group also entered into hire purchase arrangement to fully finance the plant and equipment acquired in the previous financial year of RM1,760,000 (2020: RM1,168,000) in which RM705,000 (2020: RM1,668,000) relates to the balances that remained unpaid at the previous financial year end. The remaining RM1,055,000 (2020: RM Nil) was initially funded out of the Group's internally generated funds in the previous financial year.

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Statements of cash flows for the financial year ended 31 December 2021 (continued)

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

	At 1.1.2020 RM'000	Payments RM'000	Acquisition of new lease RM'000	Remeasure- ments RM'000	At 31.12.2020 RM'000
Group					
Term loans	12,423	(3,591)	-	-	8,832
Hire purchase liabilities	5,976	(2,110)	4,957	-	8,823
Lease liabilities	8,608	(1,560)	-	1,710	8,758
	<u>27,007</u>	<u>(7,261)</u>	<u>4,957</u>	<u>1,710</u>	<u>26,413</u>

	At 1.1.2021 RM'000	Payments RM'000	Acquisition of new lease RM'000	Derecognition RM'000	Remeasure- ments RM'000	At 31.12.2021 RM'000
Group						
Term loans	8,832	(515)	-	-	-	8,317
Hire purchase liabilities ⁽¹⁾	8,823	(3,319)	1,987	-	-	7,491
Lease liabilities	8,758	(1,620)	1,508	(1,103)	732	8,275
	<u>26,413</u>	<u>5,454</u>	<u>3,495</u>	<u>(1,103)</u>	<u>732</u>	<u>24,083</u>

⁽¹⁾ The Group entered into hire purchase arrangement to fully finance the plant and equipment acquired in the previous financial year of RM1,760,000 in which RM705,000 relates to the balances that remained unpaid at the previous financial year end. The remaining RM1,055,000 was initially funded out of the Group's internally generated funds in the previous financial year.

The notes on pages 17 to 81 are an integral part of these financial statements.

Optimax Holdings Berhad

(Registration No: 201801028697 (1290723-T))

(Incorporated in Malaysia)

and its subsidiaries

Notes to the financial statements

Optimax Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

1st and 2nd Floor

No. 145, Jalan Radin Bagus

Seri Petaling

57000 Kuala Lumpur, Wilayah Persekutuan

Registered office

Unit 30-01, Level 30, Tower A, Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur, Wilayah Persekutuan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2021 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 20 April 2022.

1. Basis of preparation

(a) Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a 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*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group has early adopted *Covid-19-Related Rent Concessions – Amendment to MFRS 16* issued by MASB on 6 April 2021 in response to the coronavirus disease pandemic. The amendment is effective for annual periods beginning on or after 1 April 2021.

The Group and the Company plan to apply the relevant abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for amendments to MFRS 1 and amendments to MFRS 141 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group and the Company.

The initial application of the abovementioned amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1. Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs 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 estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- *Note 4 – extension options and incremental borrowing rate in relation to leases*

The Group assesses at the lease commencement whether it is reasonably certain to exercise the extension options. The Group also applies judgement and assumptions in determining the incremental borrowing rate of respective leases.

- *Note 6 – recognition of deferred tax assets*

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

2. Significant accounting policies

The Group has early adopted *Covid-19-Related Rent Concessions – Amendment to MFRS 16* issued on 6 April 2021. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the Covid-19 coronavirus pandemic are lease modifications. There is no material impact from the early adoption of Amendment to MFRS 16.

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(vi) Non-controlling interests

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

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

2. Significant accounting policies (continued)

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Financial instruments

(i) Recognition and initial 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 significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item 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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

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*

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 2(h)(i)) where the effective interest rate is applied to the amortised cost.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(b) Fair value through profit or loss

All financial asset not measured at amortised costs or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial asset (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 (see Note 2(h)(i)).

Financial liabilities

Amortised cost

Financial liabilities 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) 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 transferred, or control of the asset is not retained or substantially all of 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 of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Derecognition (continued)

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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement 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.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land is measured at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in 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 profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

- | | |
|--|--------------|
| • Buildings | 50 years |
| • Furniture, fittings and office equipment | 3 - 10 years |
| • Operation equipment | 5 - 8 years |
| • Renovation | 5 - 10 years |
| • Motor vehicles | 5 years |

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

2. Significant accounting policies (continued)

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

As a lessee

The Group recognises 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.

2. Significant accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

(e) Leases (continued)

(iii) Subsequent measurement

As a lessee

The right-of-use asset is 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 on the same basis as those of property, plant and equipment. 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 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, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Covid-19-related rent concessions

The Group has applied *Covid-19-Related Rent Concessions – Amendment to MFRS 16*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Covid-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in-first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2. Significant accounting policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents consist of balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(h) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group 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 historical experience and informed credit assessment and including forward-looking information, where available.

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

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)

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

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

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax 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.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Other assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies (continued)

(j) Employee benefits (continued)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has 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.

(l) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c) 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.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the right to receive payment is established.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

2. Significant accounting policies (continued)

(m) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when the expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

2. Significant accounting policies (continued)

(n) Income tax (continued)

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

(o) Earnings per ordinary share

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

Basic 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 period, 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, which comprise warrants and share options granted to employee.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorised for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

(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. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. Significant accounting policies (continued)

(q) Contingencies

(i) 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.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(r) Fair value measurements

Fair value of an asset or a liability, except for 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 uses observable market data as far as possible. Fair value is 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 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 recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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3. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Furniture, fittings and office equipment RM'000	Operation equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Cost								
At 1 January 2020	14,636	6,215	4,506	49,377	5,941	1,112	2,132	83,919
Additions	-	-	596	6,445	917	-	112	8,070
Reclassification	-	-	236	20	1,876	-	(2,132)	-
Written off	-	-	(7)	(7)	-	-	-	(14)
At 31 December 2020/1 January 2021	14,636	6,215	5,331	55,835	8,734	1,112	112	91,975
Additions	1,090	2,180	1,078	4,413	1,930	588	-	11,279
Disposals	-	-	(2)	-	-	-	(112)	(114)
Written off	-	-	(162)	(8)	(140)	-	-	(310)
At 31 December 2021	15,726	8,395	6,245	60,240	10,524	1,700	-	102,830
Accumulated depreciation								
At 1 January 2020	-	296	3,525	36,484	4,010	544	-	44,859
Depreciation for the financial year	-	140	250	3,058	514	179	-	4,141
Written off	-	-	(3)	(7)	-	-	-	(10)
At 31 December 2020/1 January 2021	-	436	3,772	39,535	4,524	723	-	48,990
Depreciation for the financial year	-	155	396	3,282	795	252	-	4,880
Disposals	-	-	(2)	-	-	-	-	(2)
Written off	-	-	(160)	(3)	(141)	-	-	(304)
At 31 December 2021	-	591	4,006	42,814	5,178	975	-	53,564
Carrying amounts								
At 1 January 2020	14,636	5,919	981	12,893	1,931	568	2,132	39,060
At 31 December 2020/1 January 2021	14,636	5,779	1,559	16,300	4,210	389	112	42,985
At 31 December 2021	15,726	7,804	2,239	17,426	5,346	725	-	49,266

3. Property, plant and equipment (continued)

3.1 Assets under hire purchase

Carrying amounts of plant and equipment held under hire purchase arrangements are as follows:

	Group	
	2021 RM'000	2020 RM'000
Furniture, fittings and office equipment	-	156
Operation equipment	9,181	9,580
Motor vehicles	295	192
	<u>9,476</u>	<u>9,928</u>

3.2 Security

Included in property, plant and equipment of the Group are certain property, plant and equipment with carrying amount of RM16,906,000 (2020: RM20,555,000) which were pledged to a financial institution to secure term loan facility granted to the Group as disclosed in Note 12.

4. Right-of-use assets

	Leasehold land RM'000	Buildings RM'000	Operation equipment RM'000	Total RM'000
Group				
At 1 January 2020	1,798	7,775	489	10,062
Remeasurements	-	1,710	-	1,710
Depreciation	(20)	(1,623)	(171)	(1,814)
At 31 December 2020/ 1 January 2021	1,778	7,862	318	9,958
Additions	-	1,508	-	1,508
Derecognitions	-	(1,036)	-	(1,036)
Remeasurements	-	732	-	732
Depreciation	(20)	(1,545)	(135)	(1,700)
At 31 December 2021	<u>1,758</u>	<u>7,521</u>	<u>183</u>	<u>9,462</u>

The Group's leasehold land has remaining lease terms of 88 years (2020: 89 years) since the date of acquisition.

The Group also leases a number of buildings for its clinics and operation equipment for its business operation that typically run between 2 to 5 years. The Group has an option to renew the lease for buildings after that date.

4. Right-of-use assets (continued)

4.1 Extension options

Some of the buildings contain extension options exercisable by the Group between 1 to 6 years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The extension options in the leases of buildings have been included in the determination of lease liabilities at the lease commencement date.

4.2 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.3 Rent concessions

In previous financial year, the Group negotiated rent concessions with its lessors for some of its building leases as a result of the severe impact of the Covid-19 pandemic. The Group applied the practical expedient for Covid-19 related rent concessions consistently to eligible rent concessions relating to its building leases. The amount recognised in profit or loss for the previous financial year to reflect changes in lease payments arising from rent concessions to which the Group had applied the practical expedient for Covid-19 related rent concessions was RM76,000.

5. Investments in subsidiaries

	Company	
	2021 RM'000	2020 RM'000
Cost of investment	<u>19,500</u>	<u>19,500</u>

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
Direct subsidiary				
Optimax Eye Specialist Centre Sdn. Bhd. ("OESC")	Malaysia	Eye specialist services and related products and services and investment holding	100	100
Indirect subsidiaries				
Held through Optimax Eye Specialist Centre Sdn. Bhd.:				
Optimax Eye Specialist Centre (Shah Alam) Sdn. Bhd. ("OESC Shah Alam")	Malaysia	Eye specialist services and related products and services	100	100
Optimax Eye Specialist Centre (Seremban) Sdn. Bhd. ("OESC Seremban")	Malaysia	Eye specialist services and related products and services	100	100
Optimax Eye Specialist Centre (Kajang) Sdn. Bhd. ("OESC Kajang")	Malaysia	Dormant	79	79
Optimax Eye Specialist Centre (Kuching) Sdn. Bhd. ("OESC Kuching")	Malaysia	Eye specialist services and related products and services	100	100
Optimax Eye Specialist Centre (Bandar Sunway) Sdn. Bhd. ("OESC Bandar Sunway")	Malaysia	Eye specialist services and related products and services	70	70

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5. Investments in subsidiaries (continued)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
Indirect subsidiaries (continued)				
Held through Optimax Eye Specialist Centre Sdn. Bhd. (continued):				
Optimax Eye Specialist Centre (Ipoh) Sdn. Bhd. ("OESC Ipoh")	Malaysia	Eye specialist services and related products and services	100	100
Optimax Eye Specialist Centre (Seri Petaling) Sdn. Bhd. ("OESC Seri Petaling")	Malaysia	Eye specialist services and related products and services	70	70
Optimax Eye Specialist Centre (Southern) Sdn. Bhd. ("OESC Southern")	Malaysia	Investment holding	70	70
Optixanthin Sdn. Bhd. ("Optixanthin")	Malaysia	Marketing of food product	90	90
Optimax International Sdn. Bhd. ("Optimax International")	Malaysia	Dormant	100	-
Optimax Ventures Sdn. Bhd. ("Optimax Ventures")	Malaysia	Dormant	100	-

5. Investments in subsidiaries (continued)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
Indirect subsidiaries (continued)				
Held through Optimax Eye Specialist Centre (Southern) Sdn. Bhd.:				
Optimax Eye Specialist Centre (Muar) Sdn. Bhd. ("OESC Muar")	Malaysia	Eye specialist services and related products and services	70	70
Optimax Eye Specialist Centre (Kluang) Sdn. Bhd. ("OESC Kluang")	Malaysia	Eye specialist services and related products and services	63	63
Optimax Eye Specialist Centre (Segamat) Sdn. Bhd. ("OESC Segamat")	Malaysia	Eye specialist services and related products and services	63	63
Inspirasi Alamjaya Sdn. Bhd. ("Inspirasi Alamjaya")	Malaysia	Eye specialist services and related products and services	70	70
Optimax Eye Specialist Centre (Bahau) Sdn. Bhd. ("OESC Bahau")	Malaysia	Dormant	100	-
Optimax Eye Specialist Centre (Sutera) Sdn. Bhd. ("OESC Sutera")	Malaysia	Dormant	100	-

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5. Investments in subsidiaries (continued)

5.1 Non-controlling interests in subsidiaries

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

	2021						Other subsidiaries with immaterial NCI RM'000	Total RM'000
	OESC Muar RM'000	OESC Bandar Sunway RM'000	OESC Southern RM'000	Inspirasi Alamjaya RM'000	OESC Kluang RM'000	OESC Segamat RM'000		
NCI percentage of ownership interest and voting interest	30%	30%	30%	30%	37%	37%		
Carrying amount of NCI	815	865	(320)	425	397	447	75	2,704
Profit/(Loss) allocated to NCI	90	310	(2)	138	103	122	42	803
Summarised financial information before intra-group elimination								
As at 31 December								
Non-current assets	1,105	550	280	3,228	584	789		
Current assets	2,497	3,101	1	1,051	1,251	1,484		
Non-current liabilities	(141)	(84)	-	(1,521)	(204)	(283)		
Current liabilities	(746)	(684)	(1,349)	(1,340)	(560)	(783)		
Net assets/(liabilities)	2,715	2,883	(1,068)	1,418	1,071	1,207		

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5. Investments in subsidiaries (continued)

5.1 Non-controlling interests in subsidiaries (continued)

	2021					
	OESC Muar RM'000	OESC Bandar Sunway RM'000	OESC Southern RM'000	Inspirasi Alamjaya RM'000	OESC Kluang RM'000	OESC Segamat RM'000
Summarised financial information before intra-group elimination (continued)						
Financial year ended 31 December						
Revenue	4,034	4,802	-	5,752	3,052	3,506
Profit/(Loss) for the financial year	299	1,034	(8)	461	277	329
Total comprehensive income/(expense) for the financial year	299	1,034	(8)	461	277	329
Cash flows from/(used in) operating activities	855	1,602	(8)	1,634	109	684
Cash flows used in investing activities	(51)	(171)	-	(1,103)	(40)	(40)
Cash flows used in financing activities	(112)	(661)	-	(486)	(324)	(333)
Net increase/(decrease) in cash and cash equivalents	692	770	(8)	45	(255)	311

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5. Investments in subsidiaries (continued)

5.1 Non-controlling interests in subsidiaries (continued)

	2020						Other subsidiaries with immaterial NCI RM'000	Total RM'000
	OESC Muar RM'000	OESC Bandar Sunway RM'000	OESC Southern RM'000	Inspirasi Alamjaya RM'000	OESC Kluang RM'000	OESC Segamat RM'000		
NCI percentage of ownership interest and voting interest	30%	30%	30%	30%	37%	37%		
Carrying amount of NCI	725	1,005	(318)	287	294	325	33	2,351
Profit/(Loss) allocated to NCI	59	358	(2)	68	99	159	31	772
Summarised financial information before intra-group elimination								
As at 31 December								
Non-current assets	1,319	642	280	2,434	1,600	986		
Current assets	1,786	3,732	9	965	1,005	1,123		
Non-current liabilities	(242)	(257)	-	(1,587)	(1,220)	(577)		
Current liabilities	(447)	(768)	(1,349)	(854)	(590)	(654)		
Net assets/(liabilities)	2,416	3,349	(1,060)	958	795	878		

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5. Investments in subsidiaries (continued)

5.1 Non-controlling interests in subsidiaries (continued)

	2020					
	OESC Muar RM'000	OESC Bandar Sunway RM'000	OESC Southern RM'000	Inspirasi Alamjaya RM'000	OESC Kluang RM'000	OESC Segamat RM'000
Summarised financial information before intra-group elimination (continued)						
Financial year ended 31 December						
Revenue	3,415	4,844	-	3,403	2,808	3,346
Profit/(Loss) for the financial year	196	1,193	(8)	228	268	429
Total comprehensive income/(expense) for the financial year	196	1,193	(8)	228	268	429
Cash flows from/(used in) operating activities	491	798	(28)	698	444	772
Cash flows used in investing activities	(59)	(3)	-	(394)	(1)	(6)
Cash flows used in financing activities	(117)	(47)	-	(236)	(320)	(310)
Net increase/(decrease) in cash and cash equivalents	315	748	(28)	68	123	456

6. Deferred tax assets and liabilities

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group						
Property, plant and equipment	-	-	(2,063)	(1,211)	(2,063)	(1,211)
Right-of-use assets	-	-	(1,609)	(1,963)	(1,609)	(1,963)
Lease liabilities	1,737	2,102	-	-	1,737	2,102
Unutilised tax losses	347	254	-	-	347	254
Tax assets/(liabilities)	2,084	2,356	(3,672)	(3,174)	(1,588)	(818)
Set-off	(1,715)	(1,894)	1,715	1,894	-	-
Net tax assets/(liabilities)	369	462	(1,957)	(1,280)	(1,588)	(818)

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

Movement in temporary differences during the financial year

	At	Recognised	At	Recognised	At
	1.1.2020 RM'000	in profit or loss (Note 18) RM'000	31.12.2020/ 1.1.2021 RM'000	in profit or loss (Note 18) RM'000	31.12.2021 RM'000
Group					
Property, plant and equipment	(655)	(556)	(1,211)	(852)	(2,063)
Right-of-use assets	(1,753)	(210)	(1,963)	354	(1,609)
Lease liabilities	1,833	269	2,102	(365)	1,737
Provisions	1	(1)	-	-	-
Unutilised tax losses	236	18	254	93	347
Total	(338)	(480)	(818)	(770)	(1,588)

Significant judgements and assumptions in relation to deferred tax assets

The Group assesses at the end of the reporting period by applying significant judgement whether there are any future taxable profits will be available against which the deferred tax assets can be utilised. The management considers all facts and circumstances including the subsidiaries' past financial information, future projections and future business plan to help them to determine the amount of deferred tax assets that can be recognised.

6. Deferred tax assets and liabilities (continued)

Unrecognised deferred tax assets

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

	Group	
	2021 RM'000	2020 RM'000
Property, plant and equipment	-	(6)
Right-of-use assets	(1,111)	-
Lease liabilities	1,121	-
Unabsorbed capital allowances	-	9
Unutilised tax losses	804	810
	<u>814</u>	<u>813</u>
Deferred tax assets not recognised at 24%	<u>195</u>	<u>195</u>

Deferred tax assets have not been recognised in respect of these items in the end of the reporting period of certain subsidiaries because it was not probable that taxable profit will be available against which the Group can utilise the benefits there from.

In prior year, in accordance with the provision of Finance Act 2018 requirement, the unutilised tax losses are available for utilisation in the next seven (7) years, for which, any excess at the end of the seventh (7th) year, will be disregarded. As of 31 December 2021, in accordance with the provision of Finance Act 2021 requirement, the time period for carrying forward unutilised tax losses is extended to ten (10) years, for which, any excess at the end of the tenth (10th) year, will be disregarded.

The expiry of the unutilised tax losses is as follows:

	Group	
	2021 RM'000	2020 RM'000
Year of assessment 2025	-	269
Year of assessment 2026	-	383
Year of assessment 2027	-	158
Year of assessment 2028	269	-
Year of assessment 2029	226	-
Year of assessment 2030	285	-
Year of assessment 2031	24	-
	<u>804</u>	<u>810</u>

7. Trade and other receivables

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	7.1	-	-	10,248	2,423
Current					
Trade					
Trade receivables	7.2	3,432	541	-	-
Non-trade					
Other receivables		438	303	-	-
Deposits	7.3	693	610	1	1
Amount due from subsidiaries	7.4	-	-	2,821	1,748
		1,131	913	2,822	1,749
		4,563	1,454	2,822	1,749
		4,563	1,454	13,070	4,172

- 7.1 The non-current portion of non-trade amount due from a subsidiary is unsecured, subject to interest at 3.37% per annum and not repayable within the next twelve months.
- 7.2 Included in trade receivables of the Group is an amount totalling RM273,000 (2020: RM3,000) owing from the companies in which a Director has financial interest. The amount owing from the companies in which a Director has financial interest is unsecured, interest free and subject to normal trade terms.
- 7.3 Included in the deposits of the Group are amounts totalling RM117,000 (2020: RM131,000) and RM35,000 (2020: RM35,000) paid to companies in which a Director has financial interest and to a Director.
- 7.4 The current portion of non-trade amount due from subsidiaries is unsecured, interest free and repayable on demand, except for advances amounting to RM2,786,000 (2020: RM1,715,000) which are subject to interest at 3.37% per annum.

8. Inventories

	Group	
	2021 RM'000	2020 RM'000
At cost:		
Raw materials	94	78
Medicine and disposable consumables	2,976	2,142
	<u>3,070</u>	<u>2,220</u>
Recognised in profit or loss	<u>16,231</u>	<u>11,212</u>

9. Investment in financial assets

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Investment in money market funds				
- fair value through profit or loss	4,632	15,129	4,632	15,124
	<u>4,632</u>	<u>15,129</u>	<u>4,632</u>	<u>15,124</u>

10. Cash and cash equivalents

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	18,525	9,843	922	66
Deposits placed with a licensed bank	1,089	1,071	-	-
	<u>19,614</u>	<u>10,914</u>	<u>922</u>	<u>66</u>

Included in the deposits placed with a licensed bank of the Group is RM1,089,000 (2020: RM1,071,000) pledged for a bank overdraft facility granted to the Group.

11. Share capital, invested equity and other reserves

(a) Share capital

	Group and Company		Number	
	Amount 2021 RM'000	Number of shares 2021 '000	Amount 2020 RM'000	Number of shares 2020 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January	39,071	270,000	*	*
Effect of restructuring (Note 26)	-	-	19,500	200,000
New shares issued for the Public Issue	-	-	21,000	70,000
New shares issuance expenses for the Public Issue	-	-	(1,429)	-
At 31 December	<u>39,071</u>	<u>270,000</u>	<u>39,071</u>	<u>270,000</u>
				2020 RM'000
Share capital in legal form				40,500
Less: New shares issuance expenses for the Public Issue				<u>(1,429)</u>
Share capital in the statements of financial position				<u>39,071</u>

* Denotes RM1, consisting 1 ordinary share

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

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

(b) Invested equity

Invested equity comprised the share capital of OESC. The amount has been reversed against the restructuring reserve as disclosed in Note 26.

11. Share capital, invested equity and other reserves (continued)

(c) Other reserves

(i) Business combination reserve

The business combination reserve comprises the difference between the consideration paid and net assets acquired in the acquisition of two subsidiaries namely OESC Ipoh and OESC Seri Petaling from a common control shareholder during the financial year ended 31 December 2017.

(ii) Restructuring reserve

In the event where a new company is formed to facilitate a restructuring exercise, in which the new company itself is not a business, book value accounting is applied. The assets and liabilities acquired are recognised in the consolidated financial statements at their respective carrying amounts as if the restructuring had occurred before the start of the earliest period presented. The other components of equity of the acquired entities are added to the same components within Group equity.

The restructuring reserve comprises the difference between cost of investment recorded by the Company and the share capital of OESC arising from the restructuring exercise as disclosed in Note 26.

(d) Warrants

On 30 December 2021, the Company issued the bonus issue of up to 67,499,994 warrants ("Warrant A") in the Company on the basis of one (1) Warrant for every four (4) existing ordinary shares in the Company held at an exercise price of RM1.20 per warrant, which were approved by the shareholders of the Company on 24 November 2021.

The salient features of the Warrant A are as follows:

- (i) The issue date of the Warrant A is 30 December 2021 and the expiry date is 29 December 2026. Any warrants which have not then been exercised during the exercise period will lapse and cease to be valid for any purpose;
- (ii) Each Warrant A entitles the registered holder to subscribe for one (1) new ordinary share in the Company at an exercise price of RM1.20 per Warrant A;
- (iii) The Warrant A may be exercisable at any time within five (5) years commencing from and including the date of issuance of Warrant A and ending 5 p.m. (Malaysian time) on the expiry date. The expiry date is a date which falls on the day before the fifth (5th) anniversary of the date of issuance of the Warrant A and if such date is not a market day, then on the preceding market day;

11. Share capital, invested equity and other reserves (continued)

(d) Warrants (continued)

- (iv) The exercise price and the number of Warrant A is subject to adjustments in the event of alteration to the share capital of the Company in accordance with the provisions of the Deed Poll; and
- (v) All new ordinary shares to be issued pursuant to the exercise of the Warrant A will rank equally in all respects with existing ordinary shares of the Company except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and other distributions on or prior to the date of allotment of the new ordinary shares concerned.

As at 31 December 2021, no exercise of Warrant A has taken place. The remaining unexercised number of Warrant A amounted to 67,499,994.

Subsequent to year end till the date of the report, 1,000 of Warrant A were exercised at an exercise price of RM1.20 per Warrant A.

12. Loans and borrowings

	Note	Group	
		2021	2020
		RM'000	RM'000
Non-current			
Term loan – secured	12.1	7,867	8,360
Hire purchase liabilities	12.2	4,321	5,854
		<u>12,188</u>	<u>14,214</u>
Current			
Term loan – secured	12.1	450	472
Hire purchase liabilities	12.2	3,170	2,969
		<u>3,620</u>	<u>3,441</u>
		<u>15,808</u>	<u>17,655</u>

12.1 Term loan

The term loan consisting of:

- (a) The Term Loan bears interest at rate of 3.37% (2020: 3.37%) per annum with monthly repayment instalments. The term loan is secured and supported by:
- certain property, plant and equipment as disclosed in Note 3; and
 - corporate and personal guarantee by certain shareholders of the Company.

The outstanding balance of Term Loan as at the financial year end is RM8,317,000 (2020: RM8,832,000).

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12. Loans and borrowings (continued)

12.2 Hire purchase liabilities

Hire purchase liabilities are payable as follow:

	Future minimum lease payments 2021 RM'000	Interest 2021 RM'000	Present value of minimum lease payments 2021 RM'000	Future minimum lease payments 2020 RM'000	Interest 2020 RM'000	Present value of minimum lease payments 2020 RM'000
Group						
Less than one year	3,530	360	3,170	3,383	414	2,969
Between one to five years	4,581	260	4,321	6,254	400	5,854
	8,111	620	7,491	9,637	814	8,823

13. Trade and other payables

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current					
Trade					
Trade payables		2,451	1,409	-	-
		<u>2,451</u>	<u>1,409</u>	<u>-</u>	<u>-</u>
Non-trade					
Other payables	13.1	1,675	2,111	33	-
Deposits		704	429	-	-
Accruals and provisions		2,958	1,836	77	50
		<u>5,337</u>	<u>4,376</u>	<u>110</u>	<u>50</u>
		<u>7,788</u>	<u>5,785</u>	<u>110</u>	<u>50</u>

- 13.1 Included in other payables of the Group is an amount totalling RM100,000 (2020: RM837,000) relating to acquisition of property, plant and equipment.

In the previous financial year, included in other payables of the Group was an amount totalling RM2,000 owing to the companies in which a Director has financial interest. The amount owing to the companies in which a Director has financial interest was unsecured, interest free and repayable within 30 days.

14. Revenue

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers	88,898	58,020	-	-
Other revenue				
Dividend income	-	-	5,130	-
	<u>88,898</u>	<u>58,020</u>	<u>5,130</u>	<u>-</u>

Disaggregation of revenue from contracts with customers

	Group	
	2021 RM'000	2020 RM'000
Medicine and others	4,878	4,253
Medical services	<u>84,020</u>	<u>53,767</u>
	<u>88,898</u>	<u>58,020</u>

Revenue recognised is predominantly from operations in Malaysia and is recognised at a point in time.

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Medicine and others	Revenue is recognised at a point in time when or as the control of the medicine and others is transferred to the customer. The amount of revenue recognised for medicine and others is adjusted for discounts and rebates given.	Payment for the sales of medicine and others shall be made within 30 days.
Medical services	Revenue is recognised at a point in time as medical services are provided. The amount of revenue recognised for medical services is adjusted for discounts and rebates given.	Payment for the services rendered shall be made within 30 days.

There were no variable elements in consideration, obligation for returns or refunds nor warranty in the provision of the goods and services by the Group.

During the financial year, the Group participated in the provision of vaccination services under the National Covid-19 Immunisation Programme ("PICK") and MYMEDIC@WILAYAH Programme ("Mobile Vaccination Programme"). The revenue generated is classified under medical services as disclosed above.

15. Staff costs

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Director fees		397	242	383	218
Wages, salaries and others (including key management personnel's remuneration)	15.1	31,416	20,327	28	12
Contributions to Employees Provident Fund		2,909	2,222	-	-
		<u>34,722</u>	<u>22,791</u>	<u>411</u>	<u>230</u>

15.1 Included in wages, salaries and others of the Group is wages in relation of the hire of locum staff such as temporary doctors, nurses and medical assistants to facilitate provision of vaccination services to the public under PICK and Mobile Vaccination Programme.

Staff costs include key management personnel and is disclosed in Note 25 (D).

16. Finance costs

	Group	
	2021 RM'000	2020 RM'000
Interest expenses arising from:		
- term loan	253	431
- hire purchase liabilities	483	478
- bank overdraft	2	30
- lease liabilities	520	601
	<u>1,258</u>	<u>1,540</u>

17. Profit/(Loss) before tax

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):					
Auditors' remuneration					
- Audit fees					
KPMG PLT					
- Statutory audit		224	203	40	40
- Non-audit fees					
KPMG PLT		25	210	25	20
Local affiliates of KPMG PLT		-	5	-	-
Material expenses/(income)					
Depreciation expenses					
- property, plant and equipment		4,880	4,141	-	-
- right-of-use assets		1,700	1,814	-	-
Donation		-	208	-	-
Initial public offering expenses		-	603	-	-
Property, plant and equipment written off		6	4	-	-
Bad debts written off		4	-	-	-
Fair value gain on investment in financial assets		(52)	(36)	(52)	(34)
Finance income					
- amount due from subsidiaries		-	-	(234)	(33)
- investment in financial assets		(146)	(93)	(146)	(90)
- cash and cash equivalents		(45)	(31)	-	-
Management fees receivable		-	(40)	-	-
Dividend income		-	-	(5,130)	-
Expenses/(Income) arising from leases					
Expenses relating to short-term leases	(i)	647	122	-	-
Expenses relating to leases of low-value assets	(ii)	17	15	-	-
Gain on derecognition of right-of-use assets		(67)	-	-	-
Covid-19 related rent concessions		-	(76)	-	-

17. Profit/(Loss) before tax (continued)

- (i) The Group leases operation equipment, office equipment, office space, motor vehicles and infrastructures to facilitate vaccination services with contract terms of less than 1 year. These leases are short-term in nature and the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.
- (ii) The Group leases various office equipment with contract terms of 3 years. These leases are low-value in nature and the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

18. Tax expense

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss					
Current tax expense					
Current year provision		4,577	2,830	-	-
Under/(Over) provision in prior year		143	(53)	-	-
		<u>4,720</u>	<u>2,777</u>	-	-
Deferred tax expense					
Origination of temporary differences		576	81	-	-
Under provision in prior year		194	399	-	-
		<u>770</u>	<u>480</u>	-	-
		<u>5,490</u>	<u>3,257</u>	-	-
Reconciliation of tax expense					
Profit/(Loss) before tax		<u>18,591</u>	<u>9,670</u>	<u>4,332</u>	<u>(232)</u>
Income tax calculated using Malaysian tax rate of 24% (2020: 24%)		4,462	2,321	1,040	(56)
Non-deductible expenses		794	653	294	94
Net effect of unrecognised deferred tax assets		-	(32)	-	-
Tax exempt income	18.1	-	-	(1,231)	-
Others		(103)	(31)	(103)	(38)
Under/(Over) provision in prior year		-	-	-	-
- current tax		143	(53)	-	-
- deferred tax		194	399	-	-
		<u>5,490</u>	<u>3,257</u>	-	-

18.1 The tax exempt income is in relation to tax effect of the dividend income received from a subsidiary.

19. Earnings per ordinary share

The calculation of earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021 RM'000	2020 RM'000
Profit for the financial year attributable to owners of the Company	12,298	5,641
	Group	
	2021	2020
	'000	'000
Basic earnings per ordinary share attributable to owners of the Company		
Based on weighted average number of ordinary shares	270,000	229,167 ⁽ⁱ⁾
Effect on conversion of the bonus warrant ⁽ⁱⁱ⁾	1	1
Adjusted weighted average number of ordinary shares	270,001	229,168
Basic earnings per ordinary share (sen)	4.55	2.46
Diluted earnings per ordinary share attributable to owners of the Company		
Based on weighted average number of ordinary shares	270,000	229,167 ⁽ⁱ⁾
Effect on conversion of the bonus warrant ⁽ⁱⁱ⁾	1	1
Effect of dilution arising from conversion of all bonus warrants ⁽ⁱⁱⁱ⁾	67,499	67,499
Adjusted weighted average number of ordinary shares	337,500	296,667
Diluted earnings per ordinary share (sen)	3.64	1.90

⁽ⁱ⁾ Based on the weighted average number of issued share capital of 200,000,000 ordinary shares after the restructuring but before the IPO and 270,000,000 ordinary shares after the completion of the IPO.

⁽ⁱⁱ⁾ Effect of conversion of 1,000 bonus warrants which have been exercised as of the date of the report subsequent to financial year end.

⁽ⁱⁱⁱ⁾ Effect of dilution includes the remaining bonus issue of warrants which have been issued on 30 December 2021 taking into consideration the 1,000 bonus warrants exercised as disclosed in (ii) above.

20. Dividends

Dividends recognised by the Group:

	Sen per share	Total RM'000	Date of payment
2021			
First interim 2021 ordinary	1.90	5,130	21 December 2021
Second interim 2021 ordinary	1.90	<u>5,130</u>	28 March 2022
		<u>10,260</u>	

The financial statement for the current financial year do not reflect this declared second interim tax-exempted dividend. The dividend will be accounted in equity for as an appropriation of retained earnings for the financial year ending 31 December 2022.

21. Operating segments

The Group does not have the reportable segments, as the services are managed indistinctly because they require the similar technology and marketing strategies. The internal management reports consist of performance from respective entities and classified as North, Central, South and East Malaysia. The Group's Chief Executive Officer reviews internal management reports at least on a quarterly basis. The following summary describes the geographical segments results:

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of the customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Geographical information	Group	
	Revenue RM'000	Non-current assets RM'000
2021		
North Malaysia	13,734	20,452
Central Malaysia	58,240	30,795
South Malaysia	15,187	6,817
East Malaysia	1,737	664
	<u>88,898</u>	<u>58,728</u>
2020		
North Malaysia	9,304	20,981
Central Malaysia	35,009	24,852
South Malaysia	11,940	6,339
East Malaysia	1,767	771
	<u>58,020</u>	<u>52,943</u>
Major customers		

There were no major customers with revenue equal or more than 10% of the Group's total revenue for the financial years ended 31 December 2021 and 31 December 2020.

22. Financial instruments

22.1 Categories of financial instruments

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

- (a) Fair value through profit or loss ("FVTPL")
 - Designated upon initial recognition ("DUIR")
- (b) Amortised cost ("AC")

	Carrying amount RM'000	FVTPL - DUIR RM'000	AC RM'000
2021			
Financial assets			
Group			
Trade and other receivables	4,563	-	4,563
Investment in financial assets	4,632	4,632	-
Cash and cash equivalents	19,614	-	19,614
	<u>28,809</u>	<u>4,632</u>	<u>24,177</u>
Company			
Trade and other receivables	13,070	-	13,070
Investment in financial assets	4,632	4,632	-
Cash and cash equivalents	922	-	922
	<u>18,624</u>	<u>4,632</u>	<u>13,992</u>
Financial liabilities			
Group			
Trade and other payables	(7,788)	-	(7,788)
Loans and borrowings	(15,808)	-	(15,808)
	<u>(23,596)</u>	<u>-</u>	<u>(23,596)</u>
Company			
Trade and other payables	<u>(110)</u>	<u>-</u>	<u>(110)</u>

22. Financial instruments (continued)

22.1 Categories of financial instruments (continued)

	Carrying amount RM'000	FVTPL - DUIR RM'000	AC RM'000
2020			
Financial assets			
Group			
Trade and other receivables	1,454	-	1,454
Investment in financial assets	15,129	15,129	-
Cash and cash equivalents	10,914	-	10,914
	<u>27,497</u>	<u>15,129</u>	<u>12,368</u>
Company			
Trade and other receivables	4,172	-	4,172
Investment in financial assets	15,124	15,124	-
Cash and cash equivalents	66	-	66
	<u>19,362</u>	<u>15,124</u>	<u>4,238</u>
Financial liabilities			
Group			
Trade and other payables	(5,785)	-	(5,785)
Loans and borrowings	(17,655)	-	(17,655)
	<u>(23,440)</u>	<u>-</u>	<u>(23,440)</u>
Company			
Trade and other payables	(50)	-	(50)

22.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net (losses)/gains arising on:				
Financial assets at fair value through profit or loss:				
- Designated upon initial recognition	198	129	198	124
Financial assets at amortised cost	41	31	234	33
Financial liabilities at amortised cost	(738)	(939)	-	-
	<u>(499)</u>	<u>(779)</u>	<u>432</u>	<u>157</u>

22. Financial instruments (continued)

22.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

22.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

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

Exposure to credit risk, credit quality and collateral

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

Concentration of credit risk

The Group does not separate its trade receivables by segment.

As at 31 December 2021, the 2 major customers which contribute aggregate, 77% (2020: Nil) of the Group's trade receivables.

22. Financial instruments (continued)

22.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss

All financial assets measured at amortised cost are first assessed for credit impaired trade receivables.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions to recover long overdue balances.

Default rates are critically evaluated based on the expectations of the responsible management team regarding the collectability of the trade receivables.

The trade receivables were deemed to have low risk of default.

The following table provides information about the exposure to credit risk for trade receivables which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
2021			
Current (not past due)	1,978	-	1,978
1 – 30 days past due	1	-	1
31 – 120 days past due	1,435	-	1,435
More than 120 days past due	18	-	18
	<u>3,432</u>	<u>-</u>	<u>3,432</u>
2020			
Current (not past due)	468	-	468
1 – 30 days past due	30	-	30
31 – 120 days past due	37	-	37
More than 120 days past due	6	-	6
	<u>541</u>	<u>-</u>	<u>541</u>

Trade receivables that are past due have not been impaired as payments have been substantially received from these debtors subsequent to period end.

As at 31 December 2021, the Group has written off trade receivables of RM4,000 (2020: RM Nil).

22. Financial instruments (continued)

22.4 Credit risk (continued)

Other receivables

Risk management objectives, policies and processes for managing the risk

Credit risks on other receivables are mainly arising from deposits paid for office buildings rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses as the Group is of the view that the loss allowance is not material and hence, it is not provided for.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The cash and cash equivalents are held with banks and financial institutions. The Group and the Company monitor the credit ratings of these banks and financial institutions on an ongoing basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the Group's and the Company's statements of financial position.

Recognition and measurement of impairment loss

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

22. Financial instruments (continued)

22.4 Credit risk (continued)

Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's 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 in default when the subsidiaries are not able to pay when demanded. The Company considers subsidiaries' advances to be credit impaired when:

- The subsidiaries are unlikely to repay their advances to the Company in full;
- The subsidiaries' advances are overdue for more than 365 days; or
- The subsidiaries are continuously loss making and are having a deficit shareholders' fund.

22. Financial instruments (continued)

22.4 Credit risk (continued)

Inter-company advances (continued)

Recognition and measurement of impairment loss (continued)

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

The following table provides information about the exposure to credit risk for the subsidiaries' advances.

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
Company			
2021			
Low credit risk	13,069	-	13,069
2020			
Low credit risk	4,171	-	4,171

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses as the Company is of the view that the loss allowance is not material and hence, it is not provided for.

22.5 Liquidity risk

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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22. Financial instruments (continued)

22.5 Liquidity risk (continued)

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Within 1 year RM'000	1 – 5 years RM'000	More than 5 years RM'000
Group						
2021						
Financial liabilities						
Trade and other payables	7,788	-	7,788	7,788	-	-
Term loans	8,317	3.37	10,482	768	3,839	5,875
Hire purchase liabilities	7,491	2.11 – 3.76	8,111	3,530	4,581	-
Lease liabilities	8,275	5.47 – 6.50	9,963	1,955	5,716	2,292
	<u>31,871</u>		<u>36,344</u>	<u>14,041</u>	<u>14,136</u>	<u>8,167</u>
2020						
Financial liabilities						
Trade and other payables	5,785	-	5,785	5,785	-	-
Term loans	8,832	3.37	11,249	768	3,839	6,642
Hire purchase liabilities	8,823	2.30 – 3.76	9,637	3,383	6,254	-
Lease liabilities	8,758	5.72 – 6.50	10,509	2,170	5,826	2,513
	<u>32,198</u>		<u>37,180</u>	<u>12,106</u>	<u>15,919</u>	<u>9,155</u>

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22. Financial instruments (continued)

22.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Within 1 year RM'000	1 – 5 years RM'000	More than 5 years RM'000
Company						
2021						
Financial liabilities						
Trade and other payables	<u>(110)</u>	-	<u>(110)</u>	<u>(110)</u>	-	-
2020						
Financial liabilities						
Trade and other payables	<u>(50)</u>	-	<u>(50)</u>	<u>(50)</u>	-	-

22. Financial instruments (continued)

22.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

22.6.1 Currency risk

The Group and the Company are not exposed to any significant foreign currency risks.

22.6.2 Interest rate risk

The Group's primary interest rate risks relate to deposits placed with a licensed bank, term loans, bank overdraft, hire purchase liabilities and lease liabilities.

The Group's deposits placed with a licensed bank, hire purchase liabilities and lease liabilities are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate term loans and bank overdraft are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate instruments					
Financial assets					
- Deposits placed with a licensed bank	10	1,089	1,071	-	-
Financial liabilities					
- Hire purchase liabilities	12	(7,491)	(8,823)	-	-
- Lease liabilities		(8,275)	(8,758)	-	-
		(15,766)	(17,581)	-	-
		(14,677)	(16,510)	-	-

22. Financial instruments (continued)

22.6 Market risk (continued)

22.6.2 Interest rate risk (continued)

Exposure to interest rate risk (continued)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Floating rate instruments					
Financial assets					
- Advances to subsidiaries	7	-	-	13,034	4,138
Financial liabilities					
- Term loan	12	(8,317)	(8,832)	-	-
		<u>(8,317)</u>	<u>(8,832)</u>	<u>13,034</u>	<u>4,138</u>

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Profit or loss	
	2021 RM'000	2020 RM'000
Group		
Floating rate instruments	<u>63</u>	<u>67</u>
Company		
Floating rate instruments	<u>(99)</u>	<u>(31)</u>

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22. Financial instruments (continued)

22.7 Fair value information

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

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
2021										
Financial assets										
Investment in financial assets	4,632	-	-	4,632	-	-	-	-	4,632	4,632
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	(7,807)	(7,807)	(7,807)	(7,491)
Term loans	-	-	-	-	-	-	(8,925)	(8,925)	(8,925)	(8,317)
	-	-	-	-	-	-	(16,732)	(16,732)	(16,732)	(15,808)
2020										
Financial assets										
Investment in financial assets	15,129	-	-	15,129	-	-	-	-	15,129	15,129
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	(9,147)	(9,147)	(9,147)	(8,823)
Term loans	-	-	-	-	-	-	(9,377)	(9,377)	(9,377)	(8,832)
	-	-	-	-	-	-	(18,524)	(18,524)	(18,524)	(17,655)

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22. Financial instruments (continued)

22.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Company										
2021										
Financial assets										
Investment in financial assets	4,632	-	-	4,632	-	-	-	-	4,632	4,632
Advances to subsidiaries	-	-	-	-	-	-	13,034	13,034	13,034	13,034
	<u>4,632</u>	<u>-</u>	<u>-</u>	<u>4,632</u>	<u>-</u>	<u>-</u>	<u>13,034</u>	<u>13,034</u>	<u>17,666</u>	<u>17,666</u>
Company										
2020										
Financial assets										
Investment in financial assets	15,124	-	-	15,124	-	-	-	-	15,124	15,124
Advances to subsidiaries	-	-	-	-	-	-	4,138	4,138	4,138	4,138
	<u>15,124</u>	<u>-</u>	<u>-</u>	<u>15,124</u>	<u>-</u>	<u>-</u>	<u>4,138</u>	<u>4,138</u>	<u>19,262</u>	<u>19,262</u>

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

22. Financial instruments (continued)

22.7 Fair value information (continued)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Advances to subsidiaries, term loans and hire purchase liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

23. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with regulatory requirements.

The debt-to-equity ratios at 31 December 2021 and at 31 December 2020 were as follows:

	Note	Group	
		2021 RM'000	2020 RM'000
Total borrowings	12	15,808	17,655
Lease liabilities		8,275	8,758
Less: Cash and cash equivalents	10	(19,614)	(10,914)
Less: Investment in financial assets	9	(4,632)	(15,129)
Net (equity)/debt		(163)	370
Total equity		57,742	50,221
Debt-to-equity ratio		Nil	0.01

There is no change in the Group's approach to capital management during the financial year.

24. Capital and other commitments

	Group	
	2021 RM'000	2020 RM'000
Capital expenditure commitments		
Property, plant and equipment		
<i>Authorised and contracted for</i>	<u>7,556</u>	<u>4,063</u>

25. Related parties

Identity of related parties

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

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

The Group has related party relationship with a Director, companies in which a Director has financial interest, subsidiaries and key management personnel.

Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transactions				
A. A Director				
Lease payments	203	264	-	-
Sales of inventories	-	(49)	-	-
	<u>-</u>	<u>(49)</u>	<u>-</u>	<u>-</u>
B. Companies in which a Director has financial interest				
Lease payments	439	534	-	-
Purchases of inventories	2	23	-	-
Service fees payable	25	-	-	-
Sales of inventories	(317)	(19)	-	-
Service fees receivable	(81)	(23)	-	-
	<u>(81)</u>	<u>(23)</u>	<u>-</u>	<u>-</u>
C. Subsidiaries				
Advances provided	-	-	(13,579)	(5,286)
Repayment of advances from subsidiaries	-	-	4,683	1,148
Dividend income	-	-	(5,130)	-
Finance income	-	-	(234)	(33)
	<u>-</u>	<u>-</u>	<u>(13,579)</u>	<u>(5,286)</u>

25. Related parties (continued)

Significant related party transactions (continued)

These transactions have been entered into the normal course of business and have been established under negotiated terms. The gross balances outstanding for related parties are disclosed in Note 7 and Note 13 to the financial statements, other than lease liabilities balances as disclosed below.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
D. Key management personnel				
Directors				
Fees	383	218	383	218
Remuneration	537	506	24	12
	<u>920</u>	<u>724</u>	<u>407</u>	<u>230</u>
Other key management personnel				
Fees	24	24	-	-
Remuneration	6,514	5,995	-	-
	<u>6,538</u>	<u>6,019</u>	<u>-</u>	<u>-</u>

Other key management personnel comprise persons other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balances				
A. A Director				
Lease liabilities	640	1,588	-	-
B. Companies in which a Director has financial interest				
Lease liabilities	1,931	2,426	-	-

26. Restructuring exercise

In previous financial year, in conjunction with, and as integral part of the listing of the Company's shares on the ACE Market of Bursa Malaysia Securities Berhad, the Company has undertaken the following restructuring exercise:

Acquisition of shares in respect of Optimax Eye Specialist Centre Sdn. Bhd. ("OESC")

On 8 January 2020, the Company entered into Share Sale Agreement with the shareholders of OESC to acquire the entire issued share capital of OESC for a purchase consideration of RM19,500,000 which was wholly satisfied by the issuance of 199,999,999 new ordinary shares at an issue price of approximately RM0.0975 per share by the Company. The acquisition was completed on 15 June 2020.

The following summarises the recognised amounts of assets acquired and liabilities assumed.

	Group RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	36,658
Right-of-use assets	8,758
Deferred tax assets	351
Inventories	1,862
Trade and other receivables	1,387
Prepayments	884
Current tax assets	755
Cash and cash equivalents	5,534
Deferred tax liabilities	(811)
Loans and borrowings	(18,665)
Lease liabilities	(7,117)
Trade and other payables	(7,593)
Current tax liabilities	(5)
Total identifiable net assets	<u>21,998</u>

For the purpose of accounting for the restructuring exercise, the Group has applied book value accounting on the basis that the restructuring exercise does not constitute a business combination to which acquisition accounting can be applied. Under book value accounting, the difference between cost of investment recorded by the Company and the share capital of OESC is accounted for as restructuring reserve as follows:

	RM'000
New shares issued by the Company as consideration for the acquisition of OESC	19,500
Reversal of issued and paid-up share capital of OESC	<u>(2,700)</u>
Restructuring reserve	<u>16,800</u>

27. Significant events

- (i) On 18 February 2021, the Group incorporated an indirect subsidiary, Optimax Eye Specialist Centre (Bahau) Sdn. Bhd. ("OESC Bahau"), which is 100% owned by OESC Southern, a 70% held subsidiary of the Group. The share capital of OESC Bahau is RM2.
- (ii) On 30 March 2021, the Group incorporated an indirect subsidiary, Optimax International Sdn. Bhd. ("Optimax International"), which is 90% owned by OESC, a wholly-owned subsidiary of the Company. The share capital of Optimax International is RM100. On 6 December 2021, the Group acquired the remaining interest in Optimax International for RM10 in cash. The increase in shareholding in Optimax International has no significant effects to the financial performance and profit of the Group.
- (iii) On 9 September 2021, the Group incorporated an indirect subsidiary, Optimax Ventures Sdn. Bhd. ("Optimax Ventures"), which is 100% owned by OESC, a wholly-owned subsidiary of the Company. The share capital of Optimax Ventures is RM2.
- (iv) On 9 September 2021, the Group incorporated an indirect subsidiary, Optimax Eye Specialist Centre (Sutera) Sdn. Bhd. ("OESC Sutera"), which is 100% owned by OESC Southern, a 70% held subsidiary of the Group. The share capital of OESC Sutera is RM100.
- (v) During the financial year, the Group announced the following proposals ("Proposals") which was approved during the extraordinary general meeting ("EGM") of the Group on 24 November 2021:
 - (a) Proposed bonus issue of up to 67,499,994 warrants in the Company ("Warrant(s)") on the basis of one (1) Warrant for every four (4) existing ordinary shares in the Company held ("Bonus Issue of Warrants"); and
 - (b) Proposed establishment of an employees' share option scheme ("ESOS") involving up to 20% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the ESOS for eligible executive directors and employees of the Company and its non-dormant subsidiaries.

On 30 December 2021, the Company issued the Bonus Issue of Warrants in the Company held at an exercise price of RM1.20 per warrant. On 6 January 2022, the Bonus Issue of Warrants has been completed following the listing of and quotation for 67,499,994 Warrants on the ACE Market of Bursa Securities on 6 January 2022.

28. Subsequent event

On 14 February 2022, the Company announced the proposed bonus issue of up to 404,999,992 ordinary shares in Optimax ("Optimax Share(s)" or "Share(s)") ("Bonus Share(s)") on the basis of 1 Bonus Share for every 1 Optimax Share held on an entitlement date to be determined later ("Proposed Bonus Issue"). The proposed bonus issue was approved during the EGM of the Group on 14 April 2022.

Optimax Holdings Berhad

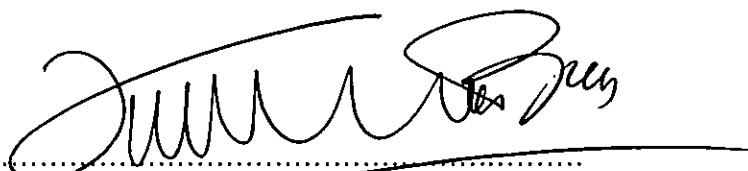
(Registration No: 201801028697 (1290723-T))

(Incorporated in Malaysia)

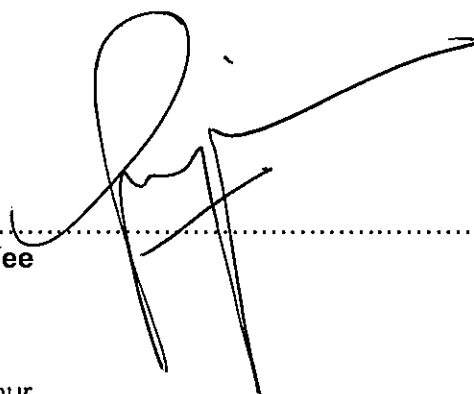
and its subsidiaries**Statement by Directors pursuant to
Section 251(2) of the Companies Act 2016**

In the opinion of the Directors, the financial statements set out on pages 7 to 81 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 of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

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



.....
Tan Sri Dato' (Dr.) Tan Boon Hock
Director



.....
Tan Sing Yee
Director

Kuala Lumpur

Date: 20 April 2022

Optimax Holdings Berhad
 (Registration No: 201801028697 (1290723-T))
 (Incorporated in Malaysia)
and its subsidiaries

**Statutory declaration pursuant to
 Section 251(1)(b) of the Companies Act 2016**

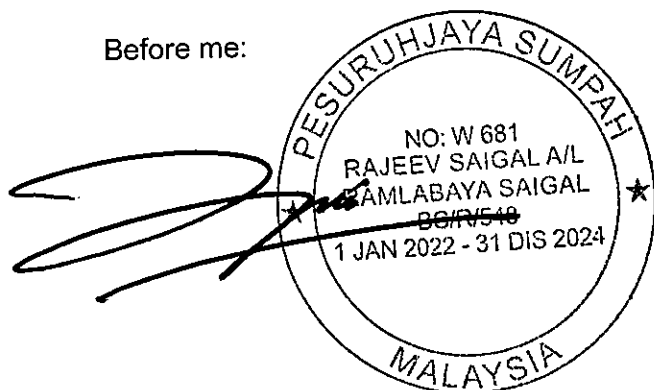
I, **Tan Sing Chia**, the officer primarily responsible for the financial management of Optimax Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 81 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Tan Sing Chia**,
 NRIC: 880814-43-5280, at Kuala Lumpur in the Federal Territory on 20 April 2022.



.....
Tan Sing Chia

Before me:



NO. A-31-11, LEVEL 31,
 TOWER A, MENARA UOA BANGSAR,
 NO. 5, JALAN BANGSAR UTAMA 1,
 BANGSAR, 59000 KUALA LUMPUR



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OPTIMAX HOLDINGS BERHAD

(Registration No: 201801028697 (1290723-T))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Optimax Holdings Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 81.

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 2021, and of their financial performance and their cash flows for the 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and 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 the IESBA Code.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of 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 these matters.

Revenue recognition	
Refer to Note 2(l)(i) – Significant accounting policy: Revenue and Note 14 – Revenue.	
The key audit matter	How the matter was addressed in our audit
<p>The Group's revenue is derived from the provision of medical services and sales of medicine and others. The Group generally recognises revenue when the medical services are provided and controls of the medicine and others are transferred to the customers.</p> <p>We identified the recognition of revenue, specifically on revenue recognised during the period end as a key audit matter due to risk that revenue maybe overstated arising from pressure faced by the Group in achieving performance targets as revenue recognition has a direct impact on the results of the Group.</p>	<p>Our audit procedures, among others, included the following:</p> <ul style="list-style-type: none"> • We tested the design and implementation as well as operating effectiveness of the Group's controls relevant to recognition of revenue; • We compared, on a sample basis, sales transactions recorded before and after the financial year end date with supporting documents including customers' appointment records, vaccination reports and cash receipts subsequent to the financial year end to assess whether the revenue has been recognised in the appropriate financial year; • We tested trade receivables balances as at financial year end, on a sample basis, to supporting documents including customers' appointment records, vaccination reports and cash receipts subsequent to the financial year end; • We identified the journal entries posted subsequent to financial year end which relates to the reversal of revenue, enquired the reasons for such entries and compared the details of the entries with supporting documents including sales invoices and credit notes; and • We inspected the manual journal entries raised during the financial year relating to revenue, which were outside the normal course of business and enquired the reasons for such entries and compared the details of the entries with supporting documentation.



Key Audit Matters (continued)

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 other information identified above and, in doing so, consider whether the other information 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

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 of 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 ability of the Group and of the Company 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 the Company or to cease operations, or has 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 approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial 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.
- 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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company 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 or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.



**Auditors' Responsibilities for the Audit of the Financial Statements
(continued)**

- 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.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Vengadesh A/L Jogarajah
Approval Number: 03337/12/2023 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 20 April 2022