KRESTON
JOHN & GAN

UCI Resources Berhad

(Incorporated in Malaysia)
(Registration No. 202001015323 (1371643-X))

Financial Statements

31 December 2023

your **business** solution *partner*

Kreston John & Gan
Chartered Accountants ● AF 0113

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Financial Statements

31 December

2023

Directors' Report
for the financial year ended 31 December 2023

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 2023.

Principal activities

The Company is principally engaged in investment holding. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit for the financial year after taxation	1,848,156	604,924

Dividend

The dividend declared or paid by the Company since the end of previous financial year is as follows : -

	RM
In respect of the financial year ended 31 December 2023	
- single-tier interim dividend of RM0.0015 per share paid (Note 34)	500,100

The directors do not recommend any final dividend for the current financial year.

Reserves and provisions

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

Bad and doubtful debts

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the Group or in the Company inadequate to any substantial extent.

Directors' Report
for the financial year ended 31 December 2023

Current assets

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Valuation methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Contingent and other liabilities

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

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

ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group or of the Company 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 or of the Company to meet its obligations as and when they fall due.

Change of circumstances

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

Items of an unusual nature

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year.

Directors' Report
for the financial year ended 31 December 2023

Shares and debentures

The Company did not issue any shares or debentures during the financial year.

Directors of the Company

The directors of the Company in office at any time during the financial period and since the end of the financial period are : -

Liew Thiam Leong

Yeap Bun Huat

Liew Ooi Hann

Liew Ooi Ken – (Appointed on 11 October 2023)

The director who hold office in the subsidiary companies (excluding directors who are also directors of the Company) during the financial year until the date of this report is : -

Soo Chong Yew

Directors' interests

According to the register of directors' shareholding under Section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows : -

	No. of ordinary shares			
	As at 1.1.2023	Addition	Disposal	As at 31.12.2023
Shareholdings in which director has direct interest in the Company : -				
Liew Thiam Leong	171,429,100	-	(1,335,000)	170,094,100
Yeap Bun Huat	28,571,400	-	-	28,571,400
Liew Ooi Hann	57,142,800	-	-	57,142,800

By virtue of Section 8 of the Companies Act, 2016 in Malaysia, Liew Thiam Leong, Yeap Bun Huat and Liew Ooi Hann are deemed to be interested in the shares of the subsidiary companies during the financial year to the extent the Company has interest.

Directors' Report
for the financial year ended 31 December 2023

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company or its subsidiary companies is a party, which had the object of enabling the 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.

The directors' benefits are as follows : -

	Group RM	Company RM
Emoluments	468,629	-
Employee Provident Fund	61,920	-
Fees	40,000	40,000
	570,549	40,000

No payment has been paid to or payable to any third party in respect of the services provided to the Company or any of its subsidiary companies by the directors or past directors of the Company during the financial year.

Indemnifying Directors, Officers or Auditors

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

Directors' Report
for the financial year ended 31 December 2023

Auditors

a) The of auditors' remuneration of the Group and the Company of the financial year ended 31 December 2023 are as follow : -

	Group	**Company**
	RM	RM
Auditors' remuneration	62,000	20,000

b) The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

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

Liew Thiam Leong

Yeap Bun Huat

Kuala Lumpur,
Date : 29 April 2024

Independent Auditors' Report

to members of UCI Resources Berhad
(Incorporated in Malaysia, Registration No. 202001015323 (1371643-X))

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UCI Resources Berhad, which comprise the statements of financial position as at 31 December 2023 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 for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 74.

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 2023 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical 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.

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 Directors' Report, but does not include the financial statements of the Group and the Company and our auditors' report thereon.

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the Group and of the Company for the current financial period. 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.

1. Revenue recognition	***How our audit addresses this matter***
Refer to Note 3(l) – Significant accounting policies – Revenue Revenue is one of the significant accounts in the financial statements and also an important driver of the Group's operating results. We identified revenue recognition to be an area of audit focus as it is to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognised. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.	Our procedures included, amongst others : - • Evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15, Revenue from Contracts with Customers; • Tested the operating effectiveness of the Group's internal controls over timing and amount of revenue recognised; • Verified the documents for transactions selected based on sampling basis; • Checked the sales prior and subsequent to the year end and inspect the documents which evidenced the performance obligation had been fulfilled; • Assessed the related disclosures in Note 3(l) and Note 26 to the financial statements.
2. Trade receivables	
Refer to Note 10 – Trade receivables As at 31 December 2023, the Group has outstanding trade receivables of RM6,918,449, represents approximately 18.3% of the total assets of the Group and is material, we consider this as a key audit matter.	Our procedures included, amongst others : - ● Obtained an understanding of the Group's control over the trade receivables collection process and made inquiries regarding the action plans to recover the overdue amounts; ● Reviewed the ageing analysis of trade receivables and test the reliability thereof; ● Reviewed the subsequent collections from trade receivables; ● Evaluated the reasonableness on the assessment of expected credit loss to be provided on the trade receivables performed by the management.

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 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 Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial 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, related safeguards.

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 financial period 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report
to members of UCI Resources Berhad
(Incorporated in Malaysia, Registration No. 202001015323 (1371643-X))

Other Matter

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

Kreston John & Gan
(AF 0113)
Chartered Accountants

Thien Tze Vui
Approval No: 03653/04/2026 J
Chartered Accountant

Kuala Lumpur,
Date : 29 April 2024

Consolidated Statement of Financial Position

31 December 2023

	Note	**2023** **RM**	2022 RM
ASSETS			
Non-Current Assets			
Plant and equipment	4	**1,310,633**	1,153,865
Right-of-use assets	5	**15,269,845**	7,592,839
Goodwill on consolidation	6	**-**	-
Other investment	8	**1,000,000**	1,000,000
Total Non-Current Assets		**17,580,478**	9,746,704
Current Assets			
Inventories	9	**4,546,899**	4,716,641
Trade receivables	10	**6,918,449**	8,556,048
Other receivables, deposits and prepayments	11	**2,173,857**	2,232,162
Current tax assets		**4,790**	3,995
Short-term fund	12	**500,000**	-
Fixed deposits with licensed banks	13	**4,093,809**	6,747,725
Cash and bank balances		**1,997,152**	2,994,219
Total Current Assets		**20,234,956**	25,250,790
Total Assets		**37,815,434**	34,997,494
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	14	**20,209,781**	20,209,781
Reorganisation reserve	15	**(14,800,000)**	(14,800,000)
Retained profits	16	**18,505,829**	17,157,773
Total Equity		**23,915,610**	22,567,554

Consolidated Statement of Financial Position
31 December 2023

	Note	**2023 RM**	2022 RM
Non-Current Liabilities			
Borrowings	17	**3,874,178**	4,891,626
Lease liabilities	21	**2,147,439**	135,211
Deferred tax liabilities	22	**159,048**	116,000
Total Non-Current Liabilities		**6,180,665**	5,142,837
Current Liabilities			
Trade payables	23	**4,542,964**	5,200,482
Other payables, deposits and accruals	24	**540,170**	623,951
Borrowings	17	**1,375,398**	1,004,432
Lease liabilities	21	**983,996**	180,238
Current tax liabilities		**276,631**	278,000
Total Current Liabilities		**7,719,159**	7,287,103
Total Liabilities		**13,899,824**	12,429,940
Total Equity and Liabilities		**37,815,434**	34,997,494

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the financial year ended 31 December 2023

	Note	**2023 RM**	2022 RM
Revenue	26	**33,040,121**	33,754,168
Cost of sales		**(26,959,472)**	(27,627,827)
Gross profit		**6,080,649**	6,126,341
Other income	27	**226,573**	125,178
Other operating expenses		**(3,270,985)**	(3,303,663)
Profit from operations		**3,036,237**	2,947,856
Finance costs	28	**(343,116)**	(149,084)
Profit before taxation	29	**2,693,121**	2,798,772
Income tax expense	32	**(844,965)**	(837,733)
Profit for the financial year, representing total comprehensive income for the financial year		**1,848,156**	1,961,039
Earnings per shares (sen)	33	**0.55**	0.59

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

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

	Non-Distributable		*Distributable*	
	Share capital RM	Reorganisation reserve RM	Retained earnings RM	Total RM
At 1 January 2022	20,209,781	(14,800,000)	15,696,834	21,106,615
Transaction with owners : -				
Dividend paid (Note 34)	-	-	(500,100)	(500,100)
Profit for the financial year, representing total comprehensive income for the financial year	-	-	1,961,039	1,961,039
At 31 December 2022	20,209,781	(14,800,000)	17,157,773	22,567,554
Transaction with owners : -				
Dividend paid (Note 34)	**-**	**-**	**(500,100)**	**(500,100)**
Profit for the financial year, representing total comprehensive income for the financial year	**-**	**-**	**1,848,156**	**1,848,156**
At 31 December 2023	**20,209,781**	**(14,800,000)**	**18,505,829**	**23,915,610**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Consolidated Statement of Cash Flows
for the financial year ended 31 December 2023

	Note	**2023** **RM**	2022 RM
Cash flows from operating activities			
Profit before taxation		**2,693,121**	2,798,772
Adjustment for : -			
Depreciation of plant and equipment		**481,913**	674,065
Depreciation of right-of-use assets		**622,401**	342,977
Loss on disposal of plant and equipment		**-**	(1,452)
Impairment loss on trade receivables		**21,619**	-
Interest expense		**343,116**	149,084
Interest income		**(226,573)**	(91,976)
Other receivables written off		**-**	3,218
Operating profit before working capital changes		**3,935,597**	3,874,688
Changes in working capital : -			
Inventories		**169,742**	(431,547)
Trade receivables		**1,615,980**	(522,801)
Other receivables, deposits and prepayments		**58,305**	(1,687,475)
Trade payables		**(657,518)**	1,146,871
Other payables, deposits and accruals		**(83,781)**	238,431
Cash generated from operations		**5,038,325**	2,618,167
Interest paid		**(343,116)**	(149,084)
Interest received		**226,573**	91,976
Tax paid		**(804,081)**	(779,272)
Net cash from operating activities		**4,117,701**	1,781,787
Cash flows from investing activities			
Addition on other investment		**-**	(1,000,000)
Addition of right-of-use assets		**(5,174,340)**	(92,454)
Proceeds from disposal of plant and equipment		**-**	5,000
Purchase of plant and equipment		**(550,069)**	(554,278)
Net cash used in investing activities		**(5,724,409)**	(1,641,732)
Balance carried forward		**(1,606,708)**	140,055

Consolidated Statement of Cash Flows
for the financial year ended 31 December 2023

	Note	**2023 RM**	2022 RM
Balance brought forward		**(1,606,708)**	140,055
Cash flows from financing activities			
(Repayment)/Drawdown of borrowings	35(a)	**(1,003,831)**	3,705,147
Dividend paid		**(500,100)**	(500,100)
Drawdown of banker acceptance		**128,000**	-
Repayment of lease liabilities	35(b)	**(397,693)**	(256,849)
Net cash (used in)/from financing activities		**(1,773,624)**	2,948,198
Net (decrease)/increase in cash and cash equivalents		**(3,380,332)**	3,088,253
Cash and cash equivalents at the beginning of the financial year		**9,741,944**	6,653,691
Cash and cash equivalents at the end of the financial year	36	**6,361,612**	9,741,944

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Statement of Financial Position
31 December 2023

	Note	2023 RM	2022 RM
ASSETS			
Non-Current Asset			
Investment in subsidiary companies	7	**15,300,000**	15,300,000
Other investment	8	**1,000,000**	1,000,000
Total Non-Current Asset		**16,300,000**	16,300,000
Current Assets			
Other receivables	11	**752,976**	125,000
Fixed deposits with a licensed bank	13	**1,573,809**	3,072,265
Cash and bank balances		**28,097**	527,765
Total Current Assets		**2,354,882**	3,725,030
Total Assets		**18,654,882**	20,025,030
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	14	**20,209,781**	20,209,781
Accumulated losses		**(1,605,314)**	(1,710,138)
Total Equity		**18,604,467**	18,499,643
Current Liabilities			
Accruals	24	**23,650**	20,000
Current tax liability		**14,968**	-
Amount owing to a subsidiary company	25	**11,797**	1,505,387
Total Liabilities		**50,415**	1,525,387
Total Equity and Liabilities		**18,654,882**	20,025,030

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Statement of Profit or Loss and Other Comprehensive Income
for the financial year ended 31 December 2023

	Note	**2023** **RM**	2022 RM
Revenue	26	**750,100**	500,100
Other income	27	**68,706**	53,520
Other operating expenses		**(187,888)**	(204,877)
Profit before taxation	29	**630,918**	348,743
Income tax expense	32	**(25,994)**	-
Profit for the financial year, representing total comprehensive income for the financial year		**604,924**	348,743

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

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

	Non-distributable	*Distributable*	
	Share capital	Accumulated losses	Total
	RM	RM	RM
At 1 January 2022	20,209,781	(1,558,781)	18,651,000
Issuance of shares (Note 14)			
Dividend paid (Note 34)	-	(500,100)	(500,100)
Profit for the financial year, representing total comprehensive loss for the financial year	-	348,743	348,743
At 31 December 2022	20,209,781	(1,710,138)	18,499,643
Dividend paid (Note 34)	**-**	**(500,100)**	**(500,100)**
Profit for the financial year, representing total comprehensive income for the financial year	**-**	**604,924**	**604,924**
At 31 December 2023	**20,209,781**	**(1,605,314)**	**18,604,467**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Statement of Cash Flows
for the financial year ended 31 December 2023

	Note	2023 RM	2022 RM
Cash flows from operating activities			
Profit before taxation		**630,918**	348,743
Adjustment for : -			
Interest income		**(68,706)**	(53,250)
Operating profit before working capital changes		**562,212**	295,493
Changes in working capital : -			
Other receivables, deposits & prepayments		**116,637**	-
Other payables		**3,650**	-
Amount due from shareholder		**(744,613)**	(125,000)
Cash (used in)/generated from operations		**(62,114)**	170,493
Interest received		**68,706**	53,250
Tax paid		**(11,026)**	-
Net cash (used in)/generated from operating activities		**(4,434)**	223,743
Cash flows from investing activity			
Addition on other investment		**-**	(1,000,000)
Net cash used in investing activity		**-**	(1,000,000)
Cash flows from financing activities			
Advances from a subsidiary company		**(1,493,590)**	750,000
Dividend paid		**(500,100)**	(500,100)
Net cash (used in)/generated from financing activities		**(1,993,690)**	249,900
Net decrease in cash and cash equivalents		**(1,998,124)**	(526,357)
Cash and cash equivalents at beginning of the financial year		**3,600,030**	4,126,387
Cash and cash equivalents at the end of the financial year	36	**1,601,906**	3,600,030

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Notes to the Financial Statements
31 December 2023

1. **General information**

UCI Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the LEAP Market of Bursa Malaysia Securities Berhad.

The addresses of the principal place of business and registered office of the Company are as follows : -

Registered office	:	Level 7, Menara Milenium Jalan Damanlela, Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan.
Principal place of business	:	No. 6-1 &2, Jalan Opera G U2/G Taman TTDI Jaya 40150 Shah Alam Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiary companies (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 2023 do not include other entities.

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 29 April 2024

2. **Basis of preparation**

a) Statement of compliance

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

The Company has applied the following accounting standards and amendments of the MFRSs for the financial period beginning on 1 January 2023 : -

MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendment to MFRS 17, Insurance Contracts and 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 Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies – Changes in Accounting Estimates and Error - Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112, Income Taxes – International Tax Reform – Pillar Two Model Rules

2. **Basis of preparation (Cont'd.)**

a) Statement of compliance (Cont'd.)

The initial application of the accounting standards and amendments do not have any material financial impacts to the current period and prior period financial statements of the Company upon their first adoption.

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

MFRSs, and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 7, Financial Instruments : Disclosures – Supplier Finance Arrangements
- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants
- Amendments to MFRS 107, Statement of Cash Flows – Supplier Finance Arrangements

MFRSs, and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

MFRSs, 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

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

2. **Basis of preparation (Cont'd.)**

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 the following items : -

i) Depreciation of property, plant and equipment

Plant and equipment are depreciated in a straight-line basis over their estimated useful life. Management estimated that useful life of these assets as disclosed in Note 3(b). Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

ii) Depreciation of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over their useful life or the end of the lease term. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

iii) Measurement of Expected Credit Loss ("ECL") allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

iv) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, unabsorbed capital allowances and unutilised reinvestment allowance to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses, unabsorbed capital allowances and unutilised reinvestment allowance can be utilised. Significant 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 together with future tax planning strategies.

2. **Basis of preparation (Cont'd.)**

d) Use of estimates and judgements (Cont'd.)

iv) Income tax expense

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

3. **Significant accounting policies**

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

ii) Business combinations

Business combinations are accounted for by 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 values 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 recognized 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.

3. **Significant accounting policies (Cont'd.)**

a) Basis of consolidation (Cont'd.)

ii) Business combinations (Cont'd.)

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) Acquisition 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) 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.

v) 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.

vi) 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.

3. **Significant accounting policies (Cont'd.)**

a) Basis of consolidation (Cont'd.)

vi) Transactions eliminated on consolidation (Cont'd.)

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

b) Financial instruments

i) Initial recognition and measurement

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

A financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a financing component is initially measured at the transaction price.

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

ii) Financial instrument categories and subsequent measurement

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.

3. **Significant accounting policies (Cont'd.)**

b) Financial instruments (Cont'd.)

ii) Financial instrument categories and subsequent measurement (Cont'd.)

Financial assets (Cont'd.)

b) Fair value through other comprehensive income

i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, 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 debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and 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 and equity investments measured at fair value through comprehensive income, are subject to impairment assessment (see Note 3(h)(i)).

3. **Significant accounting policies (Cont'd.)**

b) Financial instruments (Cont'd.)

ii) Financial instrument categories and subsequent measurement (Cont'd.)

Financial liabilities

The categories of financial liabilities at initial recognition are as follows : -

a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss : -

i) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

ii) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

iii) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognised the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

3. **Significant accounting policies (Cont'd.)**

b) Financial instruments (Cont'd.)

ii) Financial instrument categories and subsequent measurement (Cont'd.)

Financial liabilities (Cont'd.)

b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

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

iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of : -

a) The amount of the loss allowance; and

b) The amount initially recognised loss, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

iv) Regular way purchase or sales of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting in the current year.

Trade date accounting refers to : -

a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

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

3. **Significant accounting policies (Cont'd.)**

b) Financial instruments (Cont'd.)

v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all 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 and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. 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.

c) Plant and equipment

i) Recognition and measurement

Items of 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. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

The cost of plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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

3. **Significant accounting policies (Cont'd.)**

c) Plant and equipment (Cont'd.)

i) Recognition and measurement (Cont'd.)

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

ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, 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 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 plant and equipment from the date that they are available for use. 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 : -

	Rate (%)
Plant and machineries	20
Motor vehicles	20
Furniture, fittings and equipment	20
Office renovation	20

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

3. **Significant accounting policies (Cont'd.)**

d) 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 and the Company assess 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 for 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 a reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for lease of properties in which the Group and the Company are 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.

i) Recognition and initial measurement

a) As a lessee

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

The 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 incremental borrowing rate. Generally, the Group and the Company use their incremental borrowing rate as the discount rate.

3. **Significant accounting policies (Cont'd.)**

d) Leases (Cont'd.)

ii) Recognition and initial measurement (Cont'd.)

a) As a lessee (Cont'd.)

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 the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonable certain not to terminate early.

The Group and the Company exclude 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 and the Company have 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 and the Company recognise the lease payments associated with leases as an expense on a straight-line basis over the lease term.

b) As a lessor

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

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

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 16 to allocate the consideration in the contract based on the stand-alone selling prices.

3. **Significant accounting policies (Cont'd.)**

d) Leases (Cont'd.)

ii) Recognition (Cont'd.)

b) As a lessor (Cont'd.)

When the Group and the Company are an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then it classifies the sublease as an operating lease.

ii) Subsequent measurement

a) 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 the 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 measure 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 and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change 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.

b) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

3. **Significant accounting policies (Cont'd.)**

e) Intangible assets

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any assets, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

Goodwill with indefinite useful lives is not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

f) Inventories

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

The cost of inventories is calculated using the weighted average 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 of completion and the estimated costs necessary to make the sale.

g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, 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 of assets

i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. 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, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

3. **Significant accounting policies (Cont'd.)**

h) Impairment of assets (Cont'd.)

i) Financial assets (Cont'd.)

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.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income 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 contract assets, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal group) classified as held for sale) 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 goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

3. **Significant accounting policies (Cont'd.)**

h) Impairment of assets (Cont'd.)

ii) Other assets (Cont'd.)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate 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 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.

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 (group 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.

3. **Significant accounting policies (Cont'd.)**

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 and the Company have a present legal or constructive obligation can be estimated reliably.

ii) State plans

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

k) Provisions

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

3. **Significant accounting policies (Cont'd.)**

l) Revenue and other income

i) Revenue from contract with customers

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 : -

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

If control of the assets is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards the satisfaction of each of those performance obligations. Otherwise, revenue is recognised at a point in time when the customer obtain control over the goods or service.

<u>Goods sold</u>

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the control of the goods have been transferred to the customer and recovery of the consideration is probable. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

ii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

iii) Interest income

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

3. **Significant accounting policies (Cont'd.)**

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 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

n) Income tax

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

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 following temporary differences: the initial recognition of goodwill, 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 reserve, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

A deferred tax asset is recognised to the extent that 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.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

3. **Significant accounting policies (Cont'd.)**

o) Earnings per ordinary shares

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 convertible notes and share options granted to employees.

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 segments results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director and Executive Director 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.

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 statement 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 statement 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.

3. **Significant accounting policies (Cont'd.)**

r) Fair value measurements

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

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

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

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

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

Level 3 : unobservable inputs for the asset or liability.

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

4. Plant and equipment

Group	Plant and machineries RM	Motor vehicles RM	Furniture, fittings and equipment RM	Office renovation RM	Total RM
Costs					
At 1 January 2023	**7,398,129**	**1,434,703**	**219,879**	**280,259**	**9,332,970**
Additions	**442,341**	**80,000**	**27,728**	**-**	**550,069**
Write off	**-**	**-**	**(8,573)**	**-**	**(8,573)**
Reclassification from right-of-use assets (Note 5)	**-**	**675,900**	**-**	**-**	**675,900**
At 31 December 2023	**7,840,470**	**2,190,603**	**239,034**	**280,259**	**10,550,366**
Accumulated depreciation					
At 1 January 2023	**6,477,703**	**1,229,482**	**205,802**	**266,118**	**8,179,105**
Charge for the financial year	**407,019**	**59,926**	**9,312**	**5,656**	**481,913**
Write off	**-**	**-**	**(8,573)**	**-**	**(8,573)**
Reclassification from right-of-use assets (Note 5)	**-**	**587,288**	**-**	**-**	**587,288**
At 31 December 2023	**6,884,722**	**1,876,696**	**206,541**	**271,774**	**9,239,733**
Carrying amounts	**955,748**	**313,907**	**32,493**	**8,485**	**1,310,633**

4. **Plant and equipment (Cont'd.)**

Group	Plant and machineries RM	Motor vehicles RM	Furniture, fittings and equipment RM	Office renovation RM	Total RM
Costs					
At 1 January 2022	6,986,483	1,201,719	214,747	280,259	8,683,208
Additions	411,646	137,500	5,132	-	554,278
Disposal	-	(23,655)	-	-	(23,655)
Reclassification from right-of-use assets (Note 5)	-	119,139	-	-	119,139
At 31 December 2022	7,398,129	1,434,703	219,879	280,259	9,332,970
Accumulated depreciation					
At 1 January 2022	5,877,313	1,095,420	196,374	236,901	7,406,008
Charge for the financial year	600,390	35,030	9,428	29,217	674,065
Disposal	-	(20,107)	-	-	(20,107)
Reclassification from right-of-use assets (Note 5)	-	119,139	-	-	119,139
At 31 December 2022	6,477,703	1,229,482	205,802	266,118	8,179,105
Carrying amounts	920,426	205,221	14,077	14,141	1,153,865

4. **Plant and equipment (Cont'd.)**

i) The gross carrying amount of fully depreciated plant and equipment of the Group is as follows : -

	Group	
	2023	2022
	RM	RM
Plant and machineries	**5,696,792**	5,114,892
Motor vehicles	**1,512,003**	1,168,403
Furniture, fittings and equipment	**184,818**	183,918
Office renovation	**251,977**	228,416
	7,645,590	6,695,629

5. **Right-of-use assets**

<u>**Group**</u>	Leasehold land RM	Plant and machineries RM	Motor vehicles RM	Construction work-in progress RM	Office and Factory RM	Total RM
Costs						
At 1 January 2023	**5,908,918**	**138,000**	**1,105,900**	**2,079,219**	**-**	**9,232,037**
Additions	**-**	**2,894,066**	**468,283**	**4,345,991**	**679,679**	**8,388,019**
Reclassification to plant and equipment (Note 4)	**-**	**-**	**(675,900)**	**-**	**-**	**(675,900)**
At 31 December 2023	**5,908,918**	**3,032,066**	**898,283**	**6,425,210**	**679,679**	**16,944,156**
Accumulated depreciation						
At 1 January 2023	**844,131**	**50,600**	**744,467**	**-**	**-**	**1,639,198**
Charge for the financial year	**118,178**	**124,069**	**210,234**	**-**	**169,920**	**622,401**
Reclassification to plant and equipment (Note 4)	**-**	**-**	**(587,288)**	**-**	**-**	**(587,288)**
At 31 December 2023	**962,309**	**174,669**	**367,413**	**-**	**169,920**	**1,674,311**
Carrying amounts	**4,946,609**	**2,857,397**	**530,870**	**6,425,210**	**509,759**	**15,269,845**

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5. **Right-of-use assets (Cont'd.)**

<u>**Group**</u>	Leasehold land RM	Plant and machineries RM	Motor vehicles RM	Construction work-in progress RM	Office and Factory RM	Total RM
Costs						
At 1 January 2022	5,908,918	138,000	1,225,039	1,986,765	-	9,258,722
Addition	-	-	-	92,454	-	92,454
Reclassification to plant and equipment (Note 4)	-	-	(119,139)	-	-	(119,139)
At 31 December 2022	5,908,918	138,000	1,105,900	2,079,219	-	9,232,037
Accumulated depreciation						
At 1 January 2022	759,852	23,000	632,508	-	-	1,415,360
Charge for the financial year	84,279	27,600	231,098	-	-	342,977
Reclassification to plant and equipment (Note 4)	-	-	(119,139)	-	-	(119,139)
At 31 December 2022	844,131	50,600	744,467	-	-	1,639,198
Carrying amount	5,064,787	87,400	361,433	2,079,219	-	7,592,839

The leasehold land has lease periods of 99 years expiring in year 2096.

5. Right-of-use assets (Cont'd.)

Additions of right-of-use assets is by way of : -

	Group 2023 RM	Group 2022 RM
Cash	**5,174,340**	92,454
Finance by lease agreement (Note 35(a))	**3,213,679**	-
	8,388,019	92,454

6. Goodwill on consolidation

	Group 2023 RM	Group 2022 RM
Goodwill on consolidation	**50,698**	50,698
Less: Allowance for impairment losses	**(50,698)**	(50,698)
	-	-

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ("CGUs") identified according to the particular business segments which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

7. Investment in subsidiary companies

	Company 2023 RM	Company 2022 RM
Unquoted shares, at costs : -		
- within Malaysia	**15,300,000**	15,300,000

The details of the subsidiary companies are as follow : -

Name of subsidiary company	Place of incorporation	Principal activity	Effective Ownership interest 2023 %	Effective Ownership interest 2022 %
Utama Concrete Industries Sdn. Bhd.	Malaysia	Manufacturing and trading of precast reinforced concrete products. Also involved in investments holding.	**100**	100
Subsidiary company of Utama Concrete Industries Sdn. Bhd.				
UCI Marketing Sdn. Bhd.	Malaysia	Trading of construction and building material and related activities.	**100**	100

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8. Other investment

	Group/Company 2023 RM	2022 RM
Unquoted shares, at costs : -		
- within Malaysia	**1,000,000**	1,000,000

9. Inventories

	Group 2023 RM	2022 RM
At costs		
Raw materials	**1,008,611**	1,042,647
Finished goods	**3,538,288**	3,673,994
	4,546,899	4,716,641
Recognised in profit or loss		
- Inventories recognised as cost of sales	**19,821,068**	20,528,130

10. Trade receivables

	Group 2023 RM	2022 RM
Trade receivables	**7,369,919**	8,985,899
Less: Impairment loss (Note 38(b))	**(451,470)**	(429,851)
	6,918,449	8,556,048

The Group's normal credit terms of trade receivables range from 30 to 60 days (2022 – 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

11. **Other receivables, deposits and prepayments**

	Group		Company	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Other receivables	**194,948**	186,600	**752,976**	125,000
Less: Impairment loss (Note 38(b))	**(3,560)**	(3,560)	**-**	-
	191,388	183,040	**752,976**	125,000
Deposits	**1,802,860**	1,910,578	**-**	-
Prepayments	**179,609**	138,544	**-**	-
	2,173,857	2,232,162	**752,976**	125,000

Included in deposits of the Group is an amount of RM1,500,000 representing the total purchase consideration for a few parcels of land.

12. **Short-term fund**

	Group	
	2023	2022
	RM	RM
Investment in unquoted unit trust in Malaysia at fair value through profit or loss	**500,000**	-

13. **Fixed deposits with licensed banks**

The fixed deposits with licensed banks of the Group and of the Company have maturity periods ranging from 6 to 12 months (2022 – 3 to 6 months). The interest rate of fixed deposits with a licensed bank during the financial year are range from 2.65% to 3.31% (2022 – 1.60% to 2.55%) per annum.

14. **Share capital**

	Number of ordinary shares		Amount	
	2023	2022	**2023**	2022
	Unit	Unit	**RM**	RM
Issued and fully paid : -				
At 1 January/ 31 December	**333,400,100**	333,400,100	**20,209,781**	20,209,781

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. All ordinary shares rank equally with regard to the Company's residual assets.

15. **Reorganisation reserve**

The reorganisation reserve is related to the subsidiaries which were consolidated under the merger method of accounting. The reorganisation reserve arose from the difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries upon consolidation using merger accounting principles.

16. **Retained profits**

The Company may distribute dividends out of its retained profits under the single tier system which are tax exempt in the hands of shareholders.

17. **Borrowings**

	Group	
	2023	2022
	RM	RM
Non-Current Liabilities		
Secured		
Term loans	**3,874,178**	4,891,626
Current Liabilities		
Secured		
Banker's acceptance	**128,000**	-
Bank overdraft	**229,349**	-
Term loans	**1,018,049**	1,004,432
	1,375,398	1,004,432
Total borrowings		
Banker's acceptance (Note 18)	**128,000**	-
Bank overdraft (Note 19)	**229,349**	-
Term loans (Note 20)	**4,892,227**	5,896,058
	5,249,576	5,896,058
Effective interest rate : -	%	%
Banker's acceptance	**5.65**	-
Bank overdraft	**8.02**	-
Term loans	**4.71 – 4.97**	4.72 – 4.95

18. **Banker's acceptances**

Group

Secured

The banker's acceptances are secured by a joint and several guarantee by the Company directors.

19. **Bank overdraft**

<u>Secured</u>

The bank overdraft are secured by a joint and several guarantee by the Company directors.

20. **Term loan**

	Group 2023 RM	2022 RM
<u>Secured</u>		
Term loan 1	**844,622**	1,134,153
Term loan 2	**4,047,605**	4,761,905
	4,892,227	5,896,058
Repayable as follows : -		
Non-Current Liabilities		
- later than one year not later than two years		
Term loan 1	**319,209**	304,144
Term loan 2	**714,285**	714,286
	1,033,494	1,018,430
- later than two years not later than five years		
Term loan 1	**221,650**	539,862
Term loan 2	**2,142,857**	2,142,857
	2,364,507	2,682,719
- later than five years		
Term loan 2	**476,177**	1,190,477
	476,177	1,190,477
	3,874,178	4,891,626
Current Liabilities		
- not later than 1 year		
Term loan 1	**303,763**	290,147
Term loan 2	**714,286**	714,285
	1,018,049	1,004,432
	4,892,227	5,896,058

20. **Term loan (Cont'd.)**

Term loan 1
The term loan 1 is secured by the followings : -
a) facility agreement to be stamped as Principal Instrument; and
b) jointly and severally guaranteed by certain directors of the Company.

Term loan 2
The term loan 2 is secured by the followings : -
a) facility agreement to be stamped as Principal Instrument;
b) guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") which provides a guarantee of 80% on the financing amount;
c) corporate guarantee by the Company for RM5,000,000; and
d) joint and several guarantee of the subsidiary company directors for RM5,000,000.

21. **Lease liabilities**

	Office and factory rental RM	Hire purchase RM	Total RM
2023			
Minimum lease payment : -			
- not later than one year	**330,000**	**807,492**	**1,137,492**
- later than one year not later than two years	**180,000**	**720,946**	**900,946**
- later than two years not later than five years	**30,000**	**1,419,099**	**1,449,099**
	540,000	**2,947,537**	**3,487,537**
Less: Future interest charge	**(23,174)**	**(332,928)**	**(356,102)**
	516,826	**2,614,609**	**3,131,435**
Repayable as follows : -			
Non-Current Liabilities			
- later than one year not later than two years	**175,755**	**622,760**	**798,515**
- later than two years not later than five years	**29,228**	**1,319,696**	**1,348,924**
	204,983	**1,942,456**	**2,147,439**
Current Liabilities			
- not later than one year	**311,843**	**672,153**	**983,996**
	516,826	**2,614,609**	**3,131,435**
Interest rate (%)	**4.84**	**2.32 – 6.43**	**2.32 – 6.43**

21. **Lease liabilities (cont'd.)**

	Office and factory rental RM	Hire purchase RM	Total RM
2022			
Minimum lease payment : -			
- not later than one year	-	192,657	192,657
- later than one year not later than two years	-	112,848	112,848
- later than two years not later than five years	-	26,302	26,302
	-	331,807	331,807
Less: Future interest charge	-	(16,358)	(16,358)
	-	315,449	315,449
Repayable as follows : -			
Non-Current Liabilities			
- later than one year not later than two years	-	109,189	109,189
- later than two years not later than five years	-	26,022	26,022
	-	135,211	135,211
Current Liabilities			
- not later than one year	-	180,238	180,238
	-	315,449	315,449
Interest rate (%)	-	3.05 – 6.43	3.05 – 6.43

The Company obtains lease facilities to finance their purchase of plant and machineries and motor vehicles. The remaining lease terms are in the range from 1 to 5 years as at 31 December 2023. Implicit interest rate of the lease is fixed and the inception of the lease arrangements and the lease instalments are fixed throughout the lease period. The Company has the option to purchase the assets at the end of the agreements. There are no significant restriction clauses imposed on the lease arrangements.

22. Deferred tax liabilities

	Group	
	2023	2022
	RM	RM
At 1 January	**116,000**	83,330
Recognised in profit or loss (Note 32)	**43,048**	32,670
At 31 December	**159,048**	116,000

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

	Group	
	2023	2022
	RM	RM
Deferred tax liabilities		
- accelerated capital allowance	**159,048**	116,000

23. Trade payables

The normal credit terms of the Group's trade payables range from 30 – 90 days (2021 – 30 – 90 days). However, the credit terms may vary depending on negotiation with the suppliers.

24. Other payables, deposits and accruals

	Group		Company	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Other payables	**142,154**	155,634	**-**	-
Deposits received	**101,993**	12,810	**-**	-
Accruals	**296,023**	455,507	**23,650**	20,000
	540,170	623,951	**23,650**	20,000

25. Amount owing to a subsidiary company

The amount due to a subsidiary company is unsecured, interest free and repayable on demand by cash and cash equivalents.

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26. Revenue

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Manufacturing and trading of precast concrete products/ Total revenue from contracts with customers	**32,790,121**	33,754,168	**-**	-
Dividend income	**250,000**	-	**750,100**	500,100
Total revenue	**33,040,121**	33,754,168	**750,100**	500,100

	Group 2023 RM	Group 2022 RM
Timing of revenue : -		
- at a point in time	**32,790,121**	33,754,168

27. Other income

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Interest received	**188,523**	91,976	**68,706**	53,520
Gain on disposal of plant and equipment	**-**	1,452	**-**	-
Rental income	**38,050**	31,750	**-**	-
	226,573	125,178	**68,706**	53,520

28. Finance costs

	Group 2023 RM	Group 2022 RM
Interest on : -		
- Banker's acceptance	**21,721**	
- Bank overdraft	**8,059**	5,061
- Lease liabilities	**40,831**	17,580
- Term loans	**272,505**	126,443
	343,116	149,084

29. **Profit/(Loss) before taxation**

	Group		Company	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
This is arrived at after charging : -				
Auditors' remuneration	**62,000**	62,000	**20,000**	20,000
Depreciation of plant and equipment	**481,913**	674,065	**-**	-
Depreciation of right-of-use assets	**622,401**	342,977	**-**	-
Employee benefit expenses (Note 30)	**4,702,795**	4,738,125	**-**	-
Expenses relating to leases of low value assets			**-**	
- premises	**-**	24,000	**-**	-
- equipment	**45,515**	10,390	**-**	-
Expenses relating to leases of short-term assets			**-**	
- premises	**132,000**	264,000	**-**	-
- vehicle and machinery	**38,520**	24,540	**-**	-
Impairment loss on trade receivable	**21,619**	-	**-**	-
and crediting : -				
Interest received	**(188,523)**	(91,976)	**(68,706)**	(53,520)
Gain on disposal of plant and equipment	**-**	(1,452)	**-**	-
Rental income	**(38,050)**	(31,750)	**-**	-

Notes to the Financial Statements
31 December 2023

30. Employee benefit expenses

	Group	
	2023	2022
	RM	RM
Salaries, allowances and bonus	**4,426,144**	4,507,264
Employees Provident Fund	**244,390**	206,488
Employment Insurance System	**2,326**	2,148
Social security cost	**29,935**	22,225
	4,702,795	4,738,125

Included in employee benefit expense of the Group is executive directors' emoluments excluding benefits-in-kind, amounting to RM530,549 (2022 – RM526,981), as disclosed in Note 31 to the financial statements.

31. Directors' emoluments

The details of remuneration receivable/received by directors of the Group and of the Company during the year are as follows : -

	Group		Company	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Executive directors				
- Emoluments	**468,629**	476,761	**-**	-
- Employees Provident Fund	**61,920**	50,220	**-**	-
Total executive directors' emoluments (excluding benefits-in-kind) (Note 30)	**530,549**	526,981	**-**	-
Director fees	**40,000**	40,000	**40,000**	40,000
	570,549	566,981	**40,000**	40,000

32. **Income tax expense**

	Group		Company	
	2022	2021	**2023**	2022
	RM	RM	**RM**	RM
Malaysian income tax : -				
- current year	**752,631**	838,000	**14,968**	-
- over provision in prior financial year	**49,286**	(32,937)	**11,026**	-
	801,917	805,063	**25,994**	-
Deferred taxation (Note 20)				
- relating to origination and reversal of temporary differences	**43,048**	32,670	**-**	-
	844,965	837,733	**25,994**	-

Income tax is calculated at the Malaysian statutory tax rate of 24% (2021 – 24%) of the estimated assessable profit for the financial year.

The numerical reconciliation between the effective tax rate and the applicable tax rate is as follow : -

	Group		Company	
	2023	2022	**2023**	2022
	%	%	**%**	%
Applicable tax rate	24	24	24	24
Non-allowable expenses	**10**	8	**7**	14
Non-taxable income	**(6)**	*	**(29)**	(38)
Origination and reversal of timing differences	**(4)**	(1)	**-**	-
Over provision of taxation in prior financial years	**2**	(1)	**2**	-
	26	30	**4**	-

** Less than 1%*

33. Earnings per share

Basic : -

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of ordinary shares in issued during the financial year.

	Group	
	2023	2022
Profit for the financial year attributable to the ordinary owners of the Company (RM)	**1,848,156**	1,961,039
Weighted average number of ordinary shares in issued (unit)	**333,400,100**	333,400,100
Basic earnings per share (sen)	**0.55**	0.59

Diluted : -

Diluted earnings per share is not computed as the Group did not have any convertible financial instruments as at 31 December 2023.

34. Dividends paid

	Group	
	2023	2022
	RM	RM
Single-tier interim dividend of RM0.0015 (2022 – RM0.0015) per ordinary shares paid on 31 July 2023/ 30 August 2022	**500,100**	500,100

35. **Changes in liabilities arising from financing activities**

a) The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes as follows : -

Group	At 1 January RM	Net changes From financing cash flows RM	Acquisition of new lease RM	At 31 December RM
2023				
Banker's acceptance	**-**	**128,000**	**-**	**128,000**
Term loans	**5,896,058**	**(1,003,831)**	**-**	**4,892,227**
Lease liabilities	**315,449**	**(397,693)**	**3,213,679**	**3,131,435**
	6,211,507	**(1,273,524)**	**3,213,679**	**8,151,662**
2022				
Banker's acceptance	781,000	(781,000)	-	-
Term loans	1,409,911	4,486,147	-	5,896,058
Lease liabilities	572,298	(256,849)	-	315,449
	2,763,209	3,448,298	-	6,211,507

b) Cash outflows for leases as a lessee

	Group 2023 RM	2022 RM
Included in net cash from operating activities : -		
Payment relating to short-term leases	**170,520**	288,540
Payment relating to low value assets	**45,515**	34,390
Interest paid in relation to lease liabilities	**40,831**	17,580
Included in net cash from financing activities : -		
Payment for lease liabilities	**397,693**	256,849
	654,559	597,359

36. **Cash and cash equivalents**

	Group		Company	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Short-term fund	**500,000**	-	**-**	-
Bank overdraft	**(229,349)**	-	**-**	-
Cash and bank balances	**1,997,152**	2,994,219	**28,097**	527,765
Fixed deposits with licensed banks	**4,093,809**	6,747,725	**1,573,809**	3,072,265
	6,361,612	9,741,944	**1,601,906**	3,600,030

37. **Segment information**

No segment reporting by industry and geographical segments have been prepared as the Group operated predominantly in the business of manufacturing and trading of precast reinforced concrete products.

The followings are major customers with revenue equal or more than 10% of the Group's total revenue : -

	Group	
	2023	2022
	RM	RM
Customer A	**6,784,874**	5,121,463

38. **Financial instruments**

a) Categories of financial instruments

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

(i) Financial assets measured at amortised cost ("FAAC"); and
(ii) Financial liabilities measured at amortised cost ("FLAC").

Group	Carrying amount RM	FAAC RM	FLAC RM
2023			
Financial assets			
Trade receivables	**6,918,449**	**6,918,449**	**-**
Other receivables and deposits	**1,994,248**	**1,994,248**	**-**
Short-term fund	**500,000**	**-**	**500,000**
Fixed deposits with licensed bank	**4,093,809**	**4,093,809**	**-**
Cash and bank balances	**1,997,152**	**1,997,152**	**-**
	15,503,658	**15,003,658**	**500,000**

38. **Financial instruments (Cont'd.)**

a) Categories of financial instruments (Cont'd.)

<u>Group</u>	Carrying amount RM	FAAC RM	FLAC RM
2023			
Financial liabilities			
Trade payables	**(4,542,964)**	**-**	**(4,542,964)**
Other payables, deposits and accruals	**(540,170)**	**-**	**(540,170)**
Borrowings	**(5,249,576)**	**-**	**(5,249,576)**
Lease liabilities	**(3,131,435)**	**-**	**(3,131,435)**
	(13,464,145)	**-**	**(13,464,145)**
2022			
Financial assets			
Trade receivables	8,556,048	8,556,048	-
Other receivables and deposits	2,093,618	2,093,618	-
Fixed deposits with licensed bank	6,747,725	6,747,725	-
Cash and bank balances	2,994,219	2,994,219	-
	20,391,610	20,391,610	-
Financial liabilities			
Trade payables	(5,200,482)	-	(5,200,482)
Other payables, deposits and accruals	(623,951)	-	(623,951)
Borrowings	(5,896,058)	-	(5,896,058)
Lease liabilities	(315,449)	-	(315,449)
	(12,035,940)	-	(12,035,940)

38. **Financial instruments (Cont'd.)**

a) Categories of financial instruments (Cont'd.)

Company	Carrying amount RM	FAAC RM	FLAC RM
2023			
Financial assets			
Other receivables	**752,976**	**752,976**	**-**
Fixed deposits with a licensed bank	**1,573,809**	**1,573,809**	**-**
Cash and bank balances	**28,097**	**28,097**	**-**
	2,354,882	**2,354,882**	**-**
Financial liabilities			
Accruals	**(23,650)**	**-**	**(23,650)**
Amount owing to a subsidiary company	**(11,797)**	**-**	**(11,797)**
	(35,447)	**-**	**(50,415)**
2022			
Financial assets			
Other receivables	125,000	125,000	-
Fixed deposit with a licensed bank	3,072,265	3,072,265	-
Cash and bank balances	527,765	527,765	-
	3,725,030	3,725,030	-
Financial liabilities			
Accruals	(20,000)	-	(20,000)
Amount owing to a subsidiary company	(1,505,387)	-	(1,505,387)
	(1,525,387)	-	(1,525,387)

b) Financial risk management

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

- Credit risk
- Liquidity and cash flow risk
- Market risk

i) 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. There are no significant changes as compared to prior periods.

38. **Financial instruments (Cont'd.)**

b) Financial risk management (Cont'd.)

ii) 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. 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 financial guarantees given by shareholders or directors of customers are obtained, and credit valuations 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.

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

There are no significant changes as compared to previous year.

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

As at the end of the reporting period, the Group has significant concentration of credit risk in the form of outstanding balance of approximately RM2,980,767 due from four (4) trade receivables which represents 35% of the total trade receivables of the Group. However, the directors are of the opinion that these amount outstanding is fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

38. **Financial instruments (Cont'd.)**

b) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Trade Receivables (Cont'd.)

Recognition and measurement of impairment losses

The Group uses an allowance matrix to measure the expected credit losses ("ECL") of trade receivables from individual customers, which comprise a very large number of insignificant balances outstanding.

To measure the ECLs, trade receivables have been grouped based on credit risk and days past due.

Where a receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December which are grouped together as they are expected to have similar risk nature : -

Group	Gross RM	Less: allowance RM	Net RM
2023			
Not past due	**2,034,661**	**(9,731)**	**2,024,930**
1-30 days past due	**2,114,124**	**(10,111)**	**2,104,013**
31 – 60 days past due	**1,463,993**	**(7,002)**	**1,456,991**
61 to 90 days past due	**628,035**	**(3,003)**	**625,032**
More than 90 days past due	**710,883**	**(3,400)**	**707,483**
	6,951,696	**(33,247)**	**6,918,449**
Individual impairment	**418,223**	**(418,223)**	**-**
	7,369,919	**(451,470)**	**6,918,449**
2022			
Not past due	2,370,940	(3,218)	2,367,722
1-30 days past due	2,078,564	(2,821)	2,075,743
31 – 60 days past due	2,233,360	(3,031)	2,230,329
61 to 90 days past due	1,050,984	(1,426)	1,049,558
More than 90 days past due	833,828	(1,132)	832,696
	8,567,676	(11,628)	8,556,048
Individual impairment	418,223	(418,223)	-
	8,985,899	(429,851)	8,556,048

38. **Financial instruments (Cont'd.)**

b) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Trade Receivables (Cont'd.)

Recognition and measurement of impairment losses (Cont'd.)

The movements in the allowance for impairment in respect of trade receivables during the financial year is as follows : -

Group	Gross RM	Less: allowance RM	Net RM
2023			
At 1 January/31 December	**11,628**	**418,223**	**429,851**
Additions	**21,619**	**-**	**-**
	33,247	**418,223**	**451,470**
2022			
At 1 January/31 December	11,628	418,223	429,851

Other receivables

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.

The movements in the allowance for impairment in respect of other receivables during the financial year is as follows : -

Group	Gross RM	Less: allowance RM	Net RM
2023			
At 1 January/31 December	**-**	**3,560**	**3,560**
2022			
At 1 January/31 December	-	3,560	3,560

38. **Financial instruments (Cont'd.)**

b) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk

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

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their 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.

38. **Financial instruments (Cont'd.)**

b) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis

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

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
2023							
Non-derivative financial liabilities							
Trade payables	**4,542,964**	**-**	**4,542,964**	**4,542,964**	**-**	**-**	**-**
Other payables, deposits and accruals	**540,170**	**-**	**540,170**	**540,170**	**-**	**-**	**-**
Banker's acceptance	**128,000**	**5.56**	**128,000**	**128,000**	**-**	**-**	**-**
Bank overdraft	**229,349**	**8.02**	**229,349**	**229,349**	**-**	**-**	**-**
Term loans	**4,892,227**	**4.71 – 4.97**	**7,312,924**	**1,455,197**	**1,473,116**	**3,628,476**	**756,135**
Lease liabilities	**3,131,435**	**2.32 – 6.43**	**3,487,537**	**1,137,492**	**900,946**	**1,449,099**	**-**
	13,464,145		**16,240,944**	**8,033,172**	**2,374,062**	**5,077,575**	**756,135**

38. **Financial instruments (Cont'd.)**

b) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis (Cont'd.)

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

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
2022							
Non-derivative financial liabilities							
Trade payables	5,200,482	-	5,200,482	5,200,482	-	-	-
Other payables, deposits and accruals	623,951	-	623,951	623,951	-	-	-
Term loans	5,896,058	4.72 – 4.95	6,794,943	1,271,392	1,235,901	3,045,609	1,242,041
Lease liabilities	315,449	3.05 – 6.43	331,807	192,657	112,848	26,302	-
	12,035,940		12,951,183	7,288,482	1,348,749	3,071,911	1,242,041

38. **Financial instruments (Cont'd.)**

b) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis (Cont'd.)

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

Company	Carrying Amount RM	Contractual Interest rate %	Contractual Cash flows RM	Under 1 year RM
2023				
Non-derivative financial liabilities				
Accruals	**23,650**	**-**	**23,650**	**23,650**
Amount owing to a subsidiary company	**11,797**	**-**	**11,797**	**11,797**
	35,447		**35,447**	**35,447**
2022				
Non-derivative financial liabilities				
Accruals	20,000	-	20,000	20,000
Amount owing to a subsidiary company	1,505,387	-	1,505,387	1,505,387
	1,525,387		1,525,387	1,525,387

iii) Market risk

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

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

38. **Financial instruments (Cont'd.)**

b) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Interest rate risk (Cont'd.)

Risk management objectives, policies and processes for managing the risk

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Exposure to interest rate risk

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

Group	**2023 RM**	**Interest rate %**	2022 RM	Interest rate %
Fixed rate instruments				
Lease liabilities	**3,131,435**	**2.32 – 6.43**	315,449	3.05 – 6.43
Floating rate instruments				
Banker's acceptance	**128,000**	**5.65**	-	-
Bank overdraft	**229,349**	**8.02**	-	-
Term loans	**4,892,227**	**4.71 – 4.97**	5,896,058	4.72 – 4.95

Interest rate risk sensitivity analysis : -

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.

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM1,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

38. **Financial instruments (Cont'd.)**

c) Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair value due to the relatively short-term nature.

The carrying amount of long-term bank borrowing carried on the statements of financial position is reasonable approximate of fair value due to that it is a floating rate instruments that are re-priced to market interest rate on or near the reporting date.

The aggregate fair value of the other financial assets and liabilities carried on the statements of financial position approximates its carrying value and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique : -

Level 1 fair value

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

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 fair value

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

The Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled. Therefore, the fair value hierarchy is not presented.

39. **Capital management**

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

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

	Group	
	2023	2022
Total borrowings (included lease liabilities) (RM)	**8,381,011**	6,211,507
Total equity (RM)	**23,915,610**	22,567,554
Debt-to-equity ratio (times)	**0.35**	0.28

40. **Capital commitment**

	Group	
	2023	2022
	RM	RM
Authorised and contracted for : -		
- right-of-use assets (factory)	**2,000,000**	1,511,790

41. **Related parties**

Identity of related parties

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

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

41. **Related parties (Cont'd.)**

Significant related party transactions

a) Related party transactions entered into the normal course of business under normal trade terms. The significant related party transactions of the Group are show below. The related party balances are shown in Note 24 to the financial statements.

	Group	
	2023	2022
	RM	RM
Transactions with a person connected to a director of the Group : -		
- rental of site	**(132,000)**	(264,000)
- sub-contracting work	**(1,770,800)**	(1,797,941)

b) Compensation of key management personnel

The remuneration paid by the Group to key management personnel during the financial year are disclosed in Note 31 in the financial statements.

UCI Resources Berhad
(Incorporated in Malaysia, Registration No. 202001015323 (1371643-X))

Statement by Directors

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

We, Liew Thiam Leong and Yeap Bun Huat, being two of the directors of UCI Resources Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 10 to 74 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 state of affairs of the Group and of the Company at 31 December 2023 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

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

Liew Thiam Leong

Yeap Bun Huat

Kuala Lumpur,
Date : 29 April 2024

UCI Resources Berhad
(Incorporated in Malaysia, Registration No. 202001015323 (1371643-X))

Statutory Declaration

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

I, Liew Thiam Leong, NRIC: 600323-10-6483, being the director primarily responsible for the financial management of UCI Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 10 to 74, to the best of my knowledge and belief, are correct.

And, I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at Kuala Lumpur on 29 April 2024

Liew Thiam Leong

Before me

Commissioner for Oaths