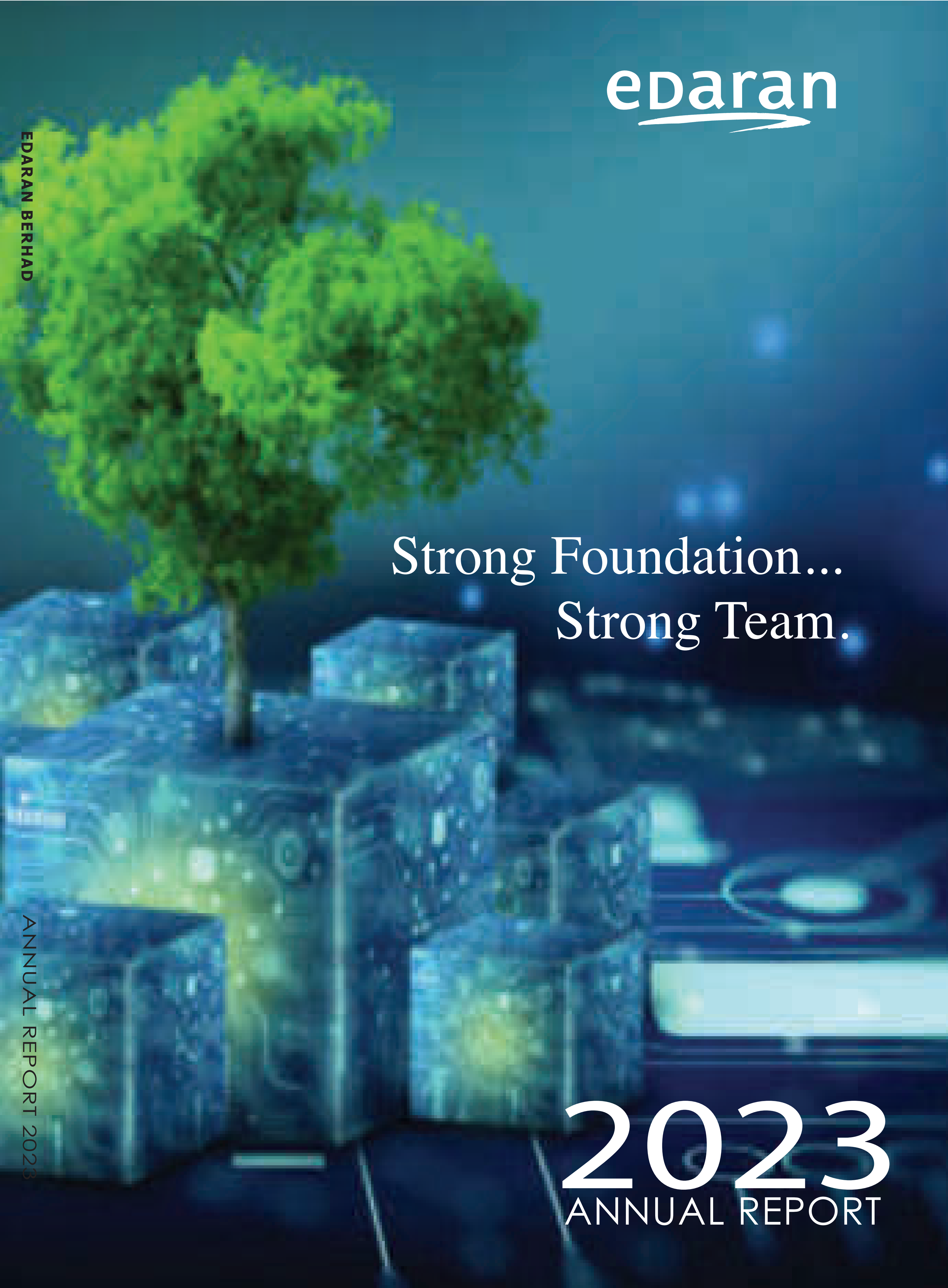

EDARAN BERHAD
edaran
Strong Foundation...
Strong Team.
ANNUAL REPORT 2023
2023
ANNUAL REPORT

A STRONG TEAM IS BUILT ON A STRONG FOUNDATION

We recognise that we need to build Team bound in unity by the indissoluble cord of ..."HablimminAllah wa Hablimminannas..." . We must be a Team based on Taqwa. Taqwa is our foundation. Changes will neither threaten nor shake us.

The entire global population is moving towards a more volatile and complex environment. All of mankind are living in an environment significantly and irreversibly altered by the Covid 19 pandemic. Corporations, businesses as well as the individual are operating and living in a world driven by artificial intelligence and an entire slew of intelligent technologies that overwhelm the most tech savvy. Our world is given to an increasing level of unpredictability and chaos. There is financial uncertainty, disruptive social change, natural disasters, happening unexpectedly. In this erratic and volatile environment, EDARAN recognises the importance of being able to remain stable and sturdy in the face of changes that threaten to derail the best of us. We recognise the need to build a TEAM bound by the most indissoluble cord, that of '…HablimminAllah wa Hablimminannas..' We want to be recognised as a Team defined by our core values. We want to build ourselves into a Team that continually seeks The Creator's guidance. A Team not given to wrong values, unethical conduct and corrupt practices. A Team based on TAQWA. Therefore, we can remain unfazed in the chaos of changes. We will increase fortitude, strengthen our foothold and strengthen our character. Indeed, strength of character shall not merely be our competitive advantage, it will be our assurance of endurance and continuity.

CONTENTS

contents

contents

NOTICE OF ANNUAL GENERAL MEETING

ANNUAL REPORT 2023

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty First Annual General Meeting of Edaran Berhad will be held and conducted on virtual basis through live streaming from the Broadcast Venue and online remote voting via the online meeting platform at https://meeting.boardroomlimited.my to be provided by Boardroom Share Registrars Sdn Bhd on Wednesday, 29 November 2023 at 10.00 a.m. to transact the following businesses:

A. Ordinary Business

1. To receive the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2023 together with the Directors' and Auditors' Reports thereon. **Note a**

2. To re-elect the following Directors retiring under Article 101 of the Company's Articles of Association, and who, being eligible, offer themselves for re-election:

i. Datuk Mohd Shu'aib Ishak **Resolution 1**
ii. Encik Wan Adlan Affandy Wan Abdul Rahman **Resolution 2**

3. To re-elect the following Directors retiring under Article 102 of the Company's Articles of Association, and who, being eligible, offer themselves for re-election:

i. Encik Adenan Ismail **Resolution 3**
ii. Puan Saadah Huda Sholah **Resolution 4**

4. To approve the payment of Directors' Fees for an aggregate amount of up to RM357,500.00 to the Non-Executive Directors for the period from 1 December 2023 until the conclusion of the next Annual General Meeting of the Company. **Resolution 5**

5. To approve the payment of Directors' Benefits (excluding Directors' fee) for an aggregate amount of up to RM350,000.00 to the Non-Executive Directors for the period from 1 December 2023 until the conclusion of the next Annual General Meeting of the Company. **Resolution 6**

6. To re-appoint Messrs. TGS TW as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

B. Special Business

7. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 **Note b**

To consider and, if thought fit, to pass the following Ordinary Resolution, with or without modifications: **Resolution 8**

"**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016 full authority be and is hereby given to the Directors to issue shares in the capital of the Company from time to time at such price upon such terms and conditions for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being, subject to the Companies Act, 2016, the Articles of Association of the Company and approval from Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary **AND THAT** such authority shall continue in full force until the conclusion of the next annual general meeting of the Company."

C. Any Other Ordinary Business

8. To transact any other ordinary business of which due notice has been given in accordance with the relevant authorities.

By Order of the Board

Asbanizam Abu Bakar
LS0006958 / PC201908003079
Company Secretary

Kuala Lumpur
31 October 2023

Explanatory Note

a. Explanatory Note on Item 1 of the Agenda
- Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2023

The Audited Financial Statements in Agenda 1 is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act, 2016. Hence, this Agenda is not put forward for voting.

b. Explanatory Note on Item 7 of the Agenda
- Resolution pursuant to Sections 75 and 76 of the Companies Act, 2016

Ordinary Resolution 8 (under item 7 above) is a renewal of the mandate obtained at the last Annual General Meeting which was not utilised during the financial year.

Ordinary Resolution 8, if passed, will give the Directors of the Company, from the date of this General Meeting, an authority to issue and allot ordinary shares from the unissued capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will provide flexibility to the Company for any possible fund raising exercise including but not limited to placement of shares for the purpose of funding current and/or future investment project(s), working capital and/or acquisitions.

This authority will, unless earlier revoked or varied by the Company in a general meeting, expire at the next annual general meeting

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint any person or persons, whether a member or not, as his/her proxy or proxies to attend and vote in his/her stead without limitation. Where a member appoints two (2) or more proxies, the member shall specify the proportion of the member’s shareholding to be represented by each proxy.

2. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 22 November 2023 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor’s behalf.

3. A corporation or a corporation sole or a statutory corporation may appoint any person as its representative.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing and if such appointer is a corporation, corporation sole or a statutory corporation; either under its common seal or the hand of its officers or attorney duly authorised and shall be deposited together with the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof and shall be deposited at the Registered Office, 33-1 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur or via electronic means through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com (Please follow the procedures as stipulated in the Administrative Guide, attached with this Booklet) not less than forty eight (48) hours before the time for holding this General Meeting or any adjournment thereof.

5. The signature to the instrument appointing the proxy executed outside Malaysia must be attested by a Solicitor, Notary Public, Consul or a Magistrate.

STATEMENT ACCOMPANYING OF ANNUAL GENERAL MEETING

The following are details of the Board meetings held during the financial year ended 30 June 2023 and the attendance of the Directors thereat:-

1. Details of Board meetings held during the financial year

Date	Time	Venue
30 Aug 2022	11:00 a.m.	Board Room, No. 2, Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur.
04 Oct 2022	11:50 a.m.	
29 Nov 2022	2:00 p.m.	
28 Feb 2023	11:00 a.m.	
31 May 2023	2:30 p.m.	

2. Directors' attendance at Board meetings
   Details of Directors' attendance at the above Board meetings during their tenure in office:-

Directors	Appointment	Attendance
Dato' Abdul Halim Abdullah	15 Dec 2000	4/5
Datuk Emam Mohd Haniff Emam Mohd Hussain *(Retired on 31 May 2023)*	30 Oct 2001	5/5
Dato' Abdul Malek Ahmad Shazili *(Retired on 31 May 2023)*	06 Nov 2003	5/5
Dato' Hj Abdul Hamid Mustapha *(Retired on 31 May 2023)*	06 Nov 2003	5/5
Datuk Mohd Shu 'aib Ishak	15 Dec 2000	5/5
Encik Fazlan Azri Tajudin	23 May 2006	5/5
Encik Ahmad Yasri Mohd Hashim @ Mohd Hassan	18 Apr 2016	5/5
Encik Md Arif Hj Hasan	16 Jan 2020	5/5
Encik Wan Adlan Affandy Wan Abdul Rahman	15 Mar 2021	5/5
Encik Adenan Ismail	24 Mar 2023	1/1
Puan Saadah Huda Sholah	24 Mar 2023	1/1

3. Details of Directors who are standing for re-election

   The Directors who are standing for re-election at the forthcoming Thirty First Annual General Meeting of Edaran Berhad are as follows:-

   Retiring under Article 101 of the Company's Articles of Association.

   i. DATUK MOHD SHU'AIB ISHAK
      Non-Independent Non-Executive Director

   ii. WAN ADLAN AFFANDY WAN ABDUL RAHMAN
      Non-Independent Non-Executive Director

   Retiring under Article 102 of the Company's Articles of Association.

   i. ADENAN ISMAIL
      Independent Non-Executive Director

   ii. SAADAH HUDA SHOLAH
      Independent Non-Executive Director

   The profiles of the Directors who are standing for re-election are set out on pages 14 to 16 of the Annual Report.

CORPORATE INFORMATION

ANNUAL REPORT 2023

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Abdul Halim Abdullah
Chairman
Non-Independent Non-Executive Director

Datuk Mohd Shu'aib Ishak
Non-Independent Non-Executive Director

Ahmad Yasri Mohd Hashim @ Mohd Hassan
Independent Non-Executive Director

Md Arif Hj Hasan
Independent Non-Executive Director

Wan Adlan Affandy Wan Abdul Rahman
Non-Independent Non-Executive Director

Adenan Ismail
Independent Non-Executive Director

Saadah Huda Sholah
Independent Non-Executive Director

Fazlan Azri Tajudin
Executive Director

AUDIT COMMITTEE

Ahmad Yasri Mohd Hashim @ Mohd Hassan
Independent Non-Executive Director

Md Arif Hj Hasan
Independent Non-Executive Director

Adenan Ismail
Independent Non-Executive Director

Wan Adlan Affandy Wan Abdul Rahman
Non-Independent Non-Executive Director

COMPANY SECRETARY

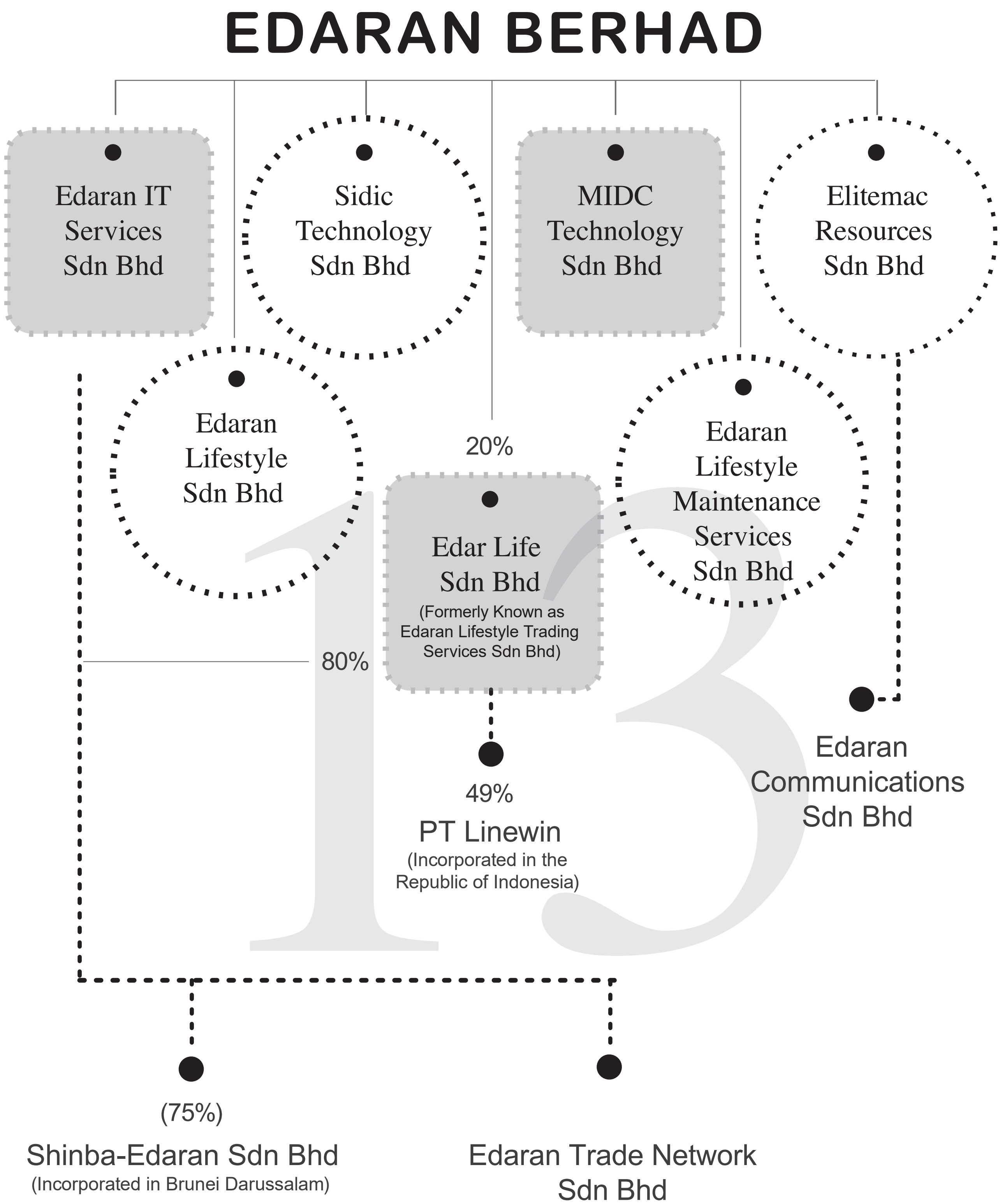
Asbanizam Abu Bakar
LS0006958 / PC201908003079

Registered Office	: No. 33-1, Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur Tel: 03-9206 7383 Fax: 03-9283 0192
Business Office	: No. 2, Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur Tel: 03-9206 7200 Fax: 03-9284 3531
Auditors	: Messrs. TGS TW (AF002345) E-5-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur Tel: 03 – 9771 4326 Fax: 03 – 9771 4327
Share Registrar	: Boardroom Share Registrars Sdn Bhd 11th Floor, Menara Symphony No.5, Jalan Professor Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya, Selangor Tel: 03 - 7890 4700 Fax: 03 - 7890 4670
Principal Bankers	: Malayan Banking Berhad : Bank Islam Malaysia Berhad
Listing	: Main Market Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE

ANNUAL REPORT 2023

CORPORATE STRUCTURE



Note: Unless stated, shareholding is 100%

PROFILE OF THE BOARD OF DIRECTORS

ANNUAL REPORT 2023

PROFILE OF THE BOARD OF THE DIRECTORS

DATO' ABDUL HALIM ABDULLAH

Chairman

Non-Independent Non-Executive Director

Dato' Abdul Halim Abdullah, male, was appointed to the Board of Edaran Berhad on 15 December 2000 and was appointed Chairman of the Company on 30 May 2018. He was appointed Chairman of the Audit and Nominating Committees on 3 October 2001 and was subsequently appointed Chairman of the Remuneration Committee on 27 May 2004. He relinquished his position as Chairman of the Nominating Committee and the Chairman of Audit Committee on 26 November 2008 and 30 May 2018 respectively. Dato' Abdul Halim resigned from the Audit Committee and Nominating Committees on 26 February 2020 and 31 May 2023 respectively. Aged 77, Dato' Abdul Halim holds a Bachelor of Arts (Hons) degree from the University of Malaya. He has served in various government departments and his last position was the State Secretary of Penang (1992-1994). In 1994, after his retirement from government service, Dato' Abdul Halim was appointed Executive Director of Technology Resources Properties Sdn. Bhd. until 8 June 2000.

DATUK MOHD SHU'AIB ISHAK

Non-Independent Non-Executive Director

Datuk Mohd Shu'aib Ishak, male, aged 64, was appointed to the Board of EDARAN on 15 December 2000. Datuk Mohd Shu'aib, a Malaysian, obtained his degree in Electrical Engineering from the University of Technology Malaysia. He has more than 20 years of experience in the telecommunications industry since his employment with Jabatan Telekom Malaysia in 1982. He was previously attached to Electroscon (M) Sdn. Bhd. and KYM Industries Sdn Bhd.

AHMAD YASRI MOHD HASHIM @ MOHD HASSAN

Independent Non-Executive Director

Ahmad Yasri Mohd Hashim @ Mohd Hassan, male, aged 57, a member of the Malaysian Institute of Accountant, was appointed to the Board of Edaran Berhad on 18 April 2016 and appointed a member of the Audit Committee on the same date. On 30 May 2018, he was appointed a member of the Remuneration Committee. Ahmad Yasri was subsequently appointed Chairman of the Audit Committee on 31 May 2023. He started his career with Ernst & Young in 1989. Subsequently, in 1994, he was attached to Kauthar Sdn. Bhd. as Financial Controller until 2003. Presently, Ahmad Yasri is an Agency Manager at Prudential Assurances Malaysia Berhad.

MD ARIF HJ HASAN

Independent Non-Executive Director

Md Arif Hj Hasan, male, aged 64, was appointed to the Board of EDARAN on 16 January 2020 and was subsequently appointed a member of the Audit Committee on 26 February 2020. He was subsequently appointed Chairman of the Nominating Committee on 31 May 2023. Upon completion his degree in Mechanical Engineering from University of Sussex, England, he joined Edaran Komputer Sdn. Bhd. on 3 October 1988. Attended NEC Computer Training in NEC Fields Services, Nakagawara, Japan from 4 October 1988 until 2004. He retired as Executive Vice President at the age 55 on 21 November 2014. Currently he is pursuing his own business in chicken poultry with Chareon Pockpand, supplying live chicken to Northern and Eastern Coast of Peninsular Malaysia.

WAN ADLAN AFFANDY WAN ABDUL RAHMAN

Non-Independent Non-Executive Director

Wan Adlan Affandy Wan Abdul Rahman, male, aged 51, was appointed to the Board of EDARAN on 15 March 2021 and was subsequently appointed a member of the Audit Committee on 31 May 2023. He earned his Bachelor of Engineering (Hons), Electrical & Electronic degree from the University of Bristol, United Kingdom in 1995. Wan Adlan Affandy is a founder and Executive Director of Disitu Holdings Sdn. Bhd. and Board of Governors, Marlborough College Malaysia. He was previously attached to Juteras Sdn. Bhd. (April 2011 - May 2016), Business Associates Consulting (BAC) Sdn. Bhd. (Director of Technology Services, January 2002 - March 2006), Minconsult Sdn. Bhd. (Project Manager, April 1997 - January 2002) and Petronas (Project Engineer, August 1995 - March 1997). Wan Adlan Affandy is a brother-in-law to the Executive Director of the Company.

PROFILE OF THE BOARD OF THE DIRECTORS

ADENAN ISMAIL

Independent Non-Executive Director

Adenan Ismail, male, aged 60, was appointed to the Board of EDARAN on 24 March 2023 and was subsequently appointed a member of the Audit Committee and Nominating Committee on 31 May 2023. He graduated with a Bachelor of Law (Hons.) from Universiti Islam Antarabangsa Malaysia in 1987. Adenan was a Magistrate (1987 – 1990), Federal Counsel at various Government Departments (1990- 1995) and a Deputy Public Prosecutor (1995-1996). He is currently a Lawyer, attached to Messrs. Adenan & Associates since 1997.

SAADAH HUDA SHOLAH

Independent Non-Executive Director

Saadah Huda Sholah, female, aged 52, was appointed to the Board of EDARAN on 24 March 2023 and subsequently appointed a member of the Remuneration Committee on 31 May 2023. She graduated with a Bachelor in Business Administration from Universiti Islam Antarabangsa Malaysia in 1995 and earned her Masters (Marketing) from Universiti Malaya in 2000. She was attached to Malaysia Airlines Berhad (1995 – 2001) and Celcom Axiata Berhad (2001- 2019).

FAZLAN AZRI TAJUDIN

Executive Director

Fazlan Azri Tajudin, male, aged 48, was appointed to the Board of EDARAN on 23 May 2006. He was subsequently appointed the Executive Director of the Company on 1 January 2008. He holds an Engineering degree from Imperial College of Science, Technology and Medicine, London. He sits on several private companies, including Kauthar Sdn. Bhd. and was previously attached to Celcom (Malaysia) Berhad.

GROUP CHIEF EXECUTIVE OFFICER

DATO' BISTAMAM RAMLI

Group Chief Executive Officer

Dato' Bistamam Ramli, male, was appointed Group Chief Executive Officer of Edaran Berhad on 30 May 2018. He was appointed Director of Edaran Berhad on 15 December 2000 and subsequently appointed the Managing Director of the Company on 1 June 2004 until 8 May 2018. Aged 61, he was a Fellow Member of the Chartered Association of Certified Accountants. Dato' Bistamam was previously attached to Celcom (Malaysia) Berhad, Technology Resources Industries Berhad, Bank Negara Malaysia and Ernst & Young.

MESSAGE FROM THE CHAIRMAN

ANNUAL REPORT 2023

A Team Built On Taqwa

Moving forward as a Team with good values, a Team of good character, a Team based on Taqwa, EDARAN will continue to progress, InsyaAllah.

Valued Shareholders and Partners,

We come to the end of another fiscal year and I am pleased to present to you the Group's Financial Statement and Annual Report for the year ended 30 June 2023.

Three years on after the life-disrupting Covid 19 hit us, the world seems to have settled into some sense of normality. The virus appears to have lost its fatal sting. Yet in the aftermath of the pandemic, life has never been the same for all of humankind. Our world has been irreversibly transformed. Life patterns have changed. The way we work, learn and interact has changed. The health care, medical, education, travel, transportation, entertainment, retail, supply chains, finance and banking and almost every industry have changed. These changes are global and long lasting; setting the frame of the new normal.

Add to the upended state of the world, the social and political conflicts all across the globe, not least the on-going Ukraine-Russia war. Global economies continue to be shaken and businesses continue to traipse the shaky tight rope.

EDARAN is aware of the ever changing environment. We have come to terms that to continue in this new normal, we either overcome the changes and get the better of them or else succumb to them and be derailed. Our way forward is not merely to stay on track with surefootedness, but also to make ourselves more versatile and agile, to ride with the waves and capture the opportunities that changes churn out.

We know that it will take a strong and well prepared team to face the big waves that threaten our continuity.

In this annual report of 2023, the Group is pleased to share with you our journey over the last 12 months. Despite the hiccups caused by the uncertainties and the ever changing state of the environment, we have come through, relatively unscathed, met some of the important goals and kept our momentum. The IT sector, as I reported in my last statement has been mercifully spared of the punishing drawbacks and effects of the erratic developments around us. We have resolved to strengthen ourselves as one Team to beat the odds.

Financial Performance

Our Team's consistent efforts to do its best through difficult and challenging times have produced rewards. I am happy to report that the Group's financial performance has further improved compared to the previous financial year.

The Group recorded a total revenue of RM69.432 Million, an increase of 44.9% from RM47.930 Million in the previous financial year.

Although our operating costs increased synonymously with the overall rising global cost of doing business, we recorded an improved Profit Before Taxation of RM3.241 Million, an encouraging increase of 92.3%. Profit After Taxation increased by 291% to RM2.022 Million.

Sharing The Rewards

It is with much delight therefore, that I report the pay out of dividend of RM1.013 Million in February 2023 to our Shareholders. EDARAN has once again demonstrated its determination to rise above the odds over this financial year as it did, over the last two financial years to deliver encouraging financial results. Thank you to the EDARAN Team and thank you to our Shareholders for your continued confidence in the Group.

Changes On The Board

2023 is a historic year for the Group. It has seen some significant changes, one of which was the retirement of a few members of the Board of Directors. We bade farewell to our senior Directors, YBhg Dato' Emam Mohd Haniff Emam Mohd Hussain, YBhg Dato' Abdul Malek Ahmad Shazili and YBhg Dato' Hj Abdul Hamid Mustapha. They have been family to the Group and have served loyally and diligently on the Board. Through good and not so good times, they lent their effort and time, offered their best counsel and advice, shared their invaluable expertise and knowledge and looked out constantly for the welfare of EDARAN. Their presence and contribution will be immensely missed. More than just their professional contribution, the Group will miss their friendship and the wonderful sense of camaraderie they brought to the Board. On behalf of the Board, Management and Staff of EDARAN, I wish to put on record my heartfelt thanks and appreciation to all of them. Thank you for all that you have given to the Group.

New Board Members

The three retiring Directors have left large shoes to be filled. EDARAN has gone through a thorough process to appoint new and suitable individuals to join its Board, with the aim of maintaining the level of dynamism and competence of the Board. An equally important aim was to maintain the sense of harmony and team spirit within the Board. We are happy to welcome Adenan Ismail and Saadah Huda Sholah whose profiles can be found on pages 14 to 16 of this Annual Report.

Strengthening Character…

At a luncheon held in appreciation of our retiring Directors and welcoming our new Directors, our Founder YBhg Tan Sri Tajudin Ramli was invited to address the Luncheon Guests. I have taken the liberty to cite parts of the Address which touches on the very theme of this year's Annual Report, "Strong Foundation...Strong Team".

With the kind permission of our Founder YBhg Tan Sri Tajudin Ramli, I quote:

"We mark another important milestone today as we witness ' a changing of the guard" within our Board. Today, three of our Senior Directors will be passing, not so much the baton, but, the 'Cogmar' or the Sceptre to those who, Insya Allah, will be continue to guide the Group.

To transcend changes and overcome their preordained challenges, we need to be a Team that is strong in character and unified by '…habblimminAllah wa habbliminannas…'

It is with heavy hearts that we bid farewell to our retiring Directors. But it is also with an immense sense of gratitude that EDARAN says 'thank you' to YBhg Dato' Emam Mohd Haniff, YBhg Dato' Abdul Malek Ahmad Shazili and Ybhg Dato' Abdul Hamid Mustapha for having journeyed with us. You have helped to hold EDARAN steadily through the years. You served the Group diligently not only through good years but also through storms, through 'ombak kehidupan', 'ombak politik', 'ombak ekonomi' and other situations that shook the Group. When the Group encountered rough weather, you helped to bring that vital sense of calm to EDARAN. A sense of 'Sakinah', a sense of tranquility. We are grateful for your stable presence over all those years. As you retire, you leave large shoes to be filled.

Today, we also welcome two new Directors, Puan Saadah Huda Sholah and Encik Adenan Ismail.

Thank you for accepting our invitation to fill the places of our retiring Directors. We recognise that you will bring on board, your vast experience and knowledge. Most of all, you will bring with you, your invaluable trait of a team personality. Your sense of team will strengthen the 'esprit de corp' of EDARAN. Welcome to EDARAN.

As we welcome our new Directors today, it is an opportune time for me to share some thoughts on Team EDARAN. In truth, the strength of the EDARAN Team is not just the summation of every individual's strength and capabilities, but rather, a strength that stems from our collective adherence to doing things the right way, a strength rooted in common values. As we welcome our new Directors, I ask that you help us to strengthen this Team. The turbulence, trials and tribulations are not going to diminish, not in the near future, not in the distant future. We recognise that the turbulence that will continue to come from the social, political and technological environment as well as from market competition will affect us. It was for this reason that EDARAN started to focus, since 2018, on Team Building to strengthen ourselves.

In anticipation of more challenging times ahead, we had called for many meetings among the Directors and senior members of staff, since 5 years back, to pool our thoughts and ideas, to review our plans and to set our future goals.

In the time we spent preparing the Group to face the future, we recognised the importance of building a TEAM, not just any Team but one bound by '…HablimminAllah wa Hablimminannas..' We wanted to ensure that there will be a Team that can hold and sustain the Group, not only as a business concern but also as a Group with values and principles. Bound by the rope that ties us to our Creator and the rope that binds us a Team, we will, InsyaAllah, be a strongly united Group.

TEAM EDARAN

On 23 August 2023 we established TEAM EDARAN, whose character is defined by Taqwa. This character is spelled out in the values of Siddiq, Amanah, Tabligh and Fathana, the very foundational values EDARAN has held dearly and will continue to uphold. Grounded in these values, the Team's character will continue to be based on TAQWA and will possess a forbearance, piety and fear of God. InsyaAllah, Team EDARAN will succeed.

It is my hope that as EDARAN continues to pursue progress and success, TEAM EDARAN will seek right guidance at all times, and follow the example set by the youths of the cave who sought guidance and mercy from Allah (Surah Al-Kahfi:10). I ask the TEAM to continue seeking right guidance every step of the way; right guidance in our business plans, in developing strategies, in venturing into new fields, in making decisions and in selecting business partners.

The world of business is a distracting world, clouded with the pursuit of success, wealth and status. Success can change us, as will wealth and fame. It is my hope that by establishing TEAM EDARAN, we can encourage one another in our practices and remind each other of our real goal. The goal is that every member will be recognised as most noble in the sight of Allah SWT. And being a Team with Taqwa will ensure every member remains righteous.

A strength that stems from our adherence to doing things the right and acceptable way, a strength that stems from good values

Honesty in Business

I also continue to stress honesty and integrity. We who are operating a business should always be aware that the temptation to forsake principles in the pursuit of success and wealth lurks closely around us. Keep in mind that our values must precede our quest for profits. I cite the case of the Midianites who were wiped out because of their dishonest ways (Surah Hud: Ayat 85). I urge EDARAN to remain guided by the principle of honesty in our business dealings. Give in full measure and weight when we render our services and products. Do not short change anyone who deals with us. Do not engage in any form of corruption. The long term returns and earnings will reflect our honesty. Whether we act as individuals or as a corporate body, honesty will reward us.

"Indeed the most noble of you in the sight of Allah is the most righteous…"

-Surah 49 : Ayat 13-

Our Reputation Is Our Surety

It is heartening to know that our reputation has gained for us a position most companies would envy. Our business partners who have stayed the journey with us, attest to our professionalism and ethical conduct in business. The trust and appreciation of our partners such as NEC, has been demonstrated in explicit ways. That such a respected global name should recognise EDARAN as a trustworthy partner is a recognition worth more than we can ask for. We are grateful and shall always guard and treasure their trust in us. Our long term partners' belief and confidence in us will call for effort on our part to maintain. Indeed, we want to be a Company recognised for its values and its character. We want to be recognised as a Company that is strong and closely knit. And I stress, a Team founded on Taqwa.

Our values must precede our quest for profits.

Our business partners who have stayed the journey with us attest to our professionalism and ethical conduct in business.

Moving Forward

As we mitigate the turbulences, we are aware that chaos is not altogether without purpose or merit. Chaos makes us more alert. We step back to think deeper, become more careful and more determined to stay competent. Chaos, in an ironical way, stir up new opportunities and open up new ways of doing things.

Turbulence is not entirely negative because arising from disorder are new possibilties. As Team EDARAN, we can better prepare ourselves itself to seize these opportunities.

In this advanced environment, we are blessed with the help of amazingly powerful new technologies, better connectivity and logistics. Boundaries are being increasingly removed by digital technology. We are neither limited by geographical nor social, nor cultural borders. It is for us to find the right strategies and the right technologies to help us capture those opportunities that fit our agenda.

Appreciation

Founder YBhg Tan Sri Tajudin, in his Appreciation Address articulated the essence of EDARAN's blueprint for sustaining the Group as a Company of value and success. In closing, I echo this similar appeal to every member of the Board, the Management and Staff and all who in one way or another, are partners and contributors to the growth and welfare of EDARAN, to grow as a cohesive team and to give this Group your best efforts. I thank the members of the Board and the Staff and Management for your steadfast dedication to the Group. And to our valued Customer and Partners, I extend my appreciation on behalf of the Group for your valued support, trust and confidence in us.

Yours sincerely,

Dato' Abdul Halim Abdullah
Chairman

MANAGEMENT DISCUSSIONS AND ANALYSIS

OPERATIONS REVIEW

ANNUAL REPORT 2023

Operations Review 2023

As the world hurtles into an environment increasingly dominated and managed by Artificial Intelligence, the risk of being detached from our human dimensions of feeling, emoting and responding looms bigger and more tangible. With the intensifying hold of intelligent technology over our lives, will human beings play second fiddle to these very technologies we first created to serve the human race?

It has become more critical than ever, that we maintain the human touch by preserving and valuing the qualities and skills that are fundamentally human. Perhaps the time has come for all human beings to embrace our human qualities, most of all, our emotional intelligence, as technological intelligence engulfs our worlds.
The unique gift of emotional intelligence refers to the ability in each and everyone of us to recognise, understand and empathise with the emotions of another human being. In this time and age of AI, this uniquely human quality can help us balance our lives, striking the all-important equilibrium between our humanity and the threat of technological domination. This is also an era when our innermost essence of being human needs to be called to the fore. That essence which makes each of us innately human with hearts and values, that makes us human with conscience and judgement over right and wrong.

Transformations triggered by the Covid 19 pandemic are continuing to manifest in various areas of life, not least in societal life and the business arena. The pandemic has significantly changed the way of commerce and business. The prevailing unpredictable environment renders forecasts of any kind, difficult and less accurate, sometimes even superfluous. In this fluctuating setting, plans and strategies are predicated upon alterable conditions and circumstances. As a business entity, EDARAN has no choice but to take cognisance of this new normal, remain steady and stay alert to any eventuality.

The Era Of Artificial Intelligence

Aside from dealing with unpredictability, the invasion of super technology like Artificial Intelligence (AI) demands that we sharpen our senses. Over the short span of 5 years, AI has crept into almost every human activity be it in the home, workplace or play spaces. It has pushed our security systems a few notches up, thrown into our homes amazingly smart gadgets, analysed our business data, replaced our helpdesk and sales personnel, transformed our systems in healthcare, national security and transportation, to name a few of its amazing feats. AI is astoundingly and inconceivably impacting every level and walk of life.

Today AI is swiftly entering the realm of human reasoning, learning, planning and creativity. It can write poetry, compose music, create visual art, hold conversations, detect sickness by smelling a human's breath, pick out fruits at the grocers, read our emotions, read our minds and play games! Literally mind boggling! How should we humans react to such intelligence?

What Can We Anticipate In An AI Environment

AI will have the power to change lifestyle in as quickly as within the next 5 years. We can anticipate some key developments as AI technology is increasingly deployed. Increased use of virtual assistants: Virtual assistants such as Siri, Alexa, and Google Assistant are already becoming more common in our daily lives. In the next 5 to 10 years, virtual assistants like Siri, Alexa and Google may become even more integrated into our daily routines, from scheduling appointments to ordering groceries.

Personalized healthcare: AI-powered healthcare technologies could enable doctors to personalise treatments based on an individual's genetic makeup and medical history. Wearable devices could also provide continuous monitoring of vital signs, leading to earlier detection of health issues.

Smart cities: Cities could use AI to optimise transportation systems, reduce energy consumption and improve public safety. For instance, traffic lights could be synchronised to reduce congestion, and police could use predictive analytics to prevent crime.

Increased automation: We will see more jobs become automated, particularly in manufacturing and transportation, leading to increased efficiency and reduced costs.

More personalised products and services: With the ability to analyse vast amounts of data, companies could use AI to create personalised products and services tailored to individual preferences. Custom tailored clothes and personalised meal plans are very real possibilities.

Greater focus on cybersecurity: AI capabilities can raise the risk of cyber attacks. To counter this, there will be greater focus on cybersecurity measures to protect against AI-powered attacks.

We are fully aware that AI has the potential to significantly change our daily lives in the next 5 to 10 years. While there are opportunities for increased efficiency and personalisation, there are also potential challenges such as job displacement and cybersecurity risks. The strengths of AI can be optimised but the challenges need to be addressed.

OPERATIONS REVIEW

EDARAN Prepares Itself For AI Culture

Our environment will be more and more driven by AI; it will progressively change mind sets and work routines within EDARAN, without our realising it. AI and other smart technologies bring with them, many good things and equally, many challenges. It has its strengths but also has its limitations. Yet, it cannot be denied that with such intelligent technology, many job functions will eventually become automated leading to job displacement. Notwithstanding, it is time to surrender our mundane tasks to technology and move into higher value tasks. EDARAN is acutely aware of the need to respond intelligently and diligently to the unstoppable advent of AI.

The gradual deployment of this intelligent technology will take over the repetitive and mundane tasks of our employees leaving them free to focus on more complex and creative work. EDARAN regards the advanced AI as an essential technology that will positively augment the Team's capabilities. The manifestation of AI in our environment is a prompt for EDARAN to adapt to the changing work and business environment. It is a cue to develop new skills so that we may deliver better value, better products and better services to our customers. In an AI environment, we may now have more time to develop uniquely human skills such as empathy, critical thinking, problem solving.

The development and deployment of AI technology will require a range of human skills, from engineering and data science to ethics and social sciences. For EDARAN, this means that we shall need to channel efforts into picking up new knowledge and developing new skills, as AI technology becomes more prevalent.

EDARAN is aware that the relationship between humans and AI technology has to be one of collaboration, with each bringing unique strengths to the table. We have no option but to ready ourselves for a new era of AI accelerated technological advancements.

OUR OPERATIONS

Edaran IT Services

Edaran IT Services is the Group's wholly owned subsidiary, established to undertake all business activities that involve and relate to the area of information technology. Its principal activity has been in systems integration and maintenance. Edaran IT Services is a full-fledged IT services and solutions provider, delivering end-to-end systems solutions that includes the provisioning, installation, commissioning, integration, and maintenance of IT systems.

Business for Edaran IT Services was looking positive during the first half of the financial year in review. In the first quarter of the financial year, Edaran IT Services participated in a number of tender calls from both the government and private sectors. However, the dissolution of parliament and the 15th General Elections in the country during the second quarter of the financial year led to the cancellation and suspension of most of those tender calls.

The Company continued to provide its best services to existing customers. Deploying better methodologies and innovative measures, the Company successfully mitigated the challenges, and efficiently fulfilled its promises to customers. Edaran IT Services has begun to earnestly explore the opportunities opened up by new technology. The Company continues to explore the ability to create higher competencies through Cloud technology, Cybersecurity, Big Data to name a few. These efforts have earned the attention of some prospective customers and has increased the confidence level of existing customers.

The year saw Edaran IT Services fulfilling and delivering customer orders for products and services in an increasingly competitive market. In the area of applications development, the Company has continued to work on customised applications for Jabatan Kastam Diraja Malaysia (JKDM). The Company's on-going mobile apps projects have begun to stir interest in a few potential parties. These parties have shown keen interest to adopt Edaran IT Services' apps along with our expertise to enhance their ICT environment and incorporate them into their own technology solutions.

In the area of supply, maintenance and technical support services for hardware, software and network, the Company continued to amply fulfil the service requirements of existing customers including Lembaga Hasil Dalam Negara, Jabatan Kastam Diraja Malaysia, JPN and Northport. In its business of computer rental and warranty services, the Company has continued to provide services to some of its long term customers including the Institute of Diplomacy and Foreign Relations (IDFR), Majlis Bandaraya Kuantan(MBK) and Universiti Malaysia Pahang (UMP).

New Business

Sentiments during the year in review were generally optimistic where new opportunities were concerned. The country economic activities had begun to pick up pace again. However, securing new business posed challenges largely because the country was going through the shifting circumstances that surrounded the pre and post period of the General Election 15. The Government's determination for more transparency and elimination of wastage included revision in procurement processes in the public sector and budget rationalisation. We were fortunate that our existing customers, namely, Universiti Malaysia Pahang, Majlis Perbandaran Kuantan and Northport Berhad continued to stay with EDARAN, and supported us through increased orders of personal computers and notebooks as well as extended the period of maintenance services for their IT equipment.

EDARAN IT Services secured some significant projects towards the fourth quarter of the last financial year. These included projects from the Ministry of Education and Pejabat Kewangan Negeri Sembilan (PKWNS). The project for the Ministry of Education will see Edaran IT Services upgrading the ICT networking infrastructure at Institut Pendidikan Guru (IPG) in Sarawak.

In the case of PKWNS, Edaran IT Services will develop a single payment gateway service system for them to cater to the relevant State Authorities in Negeri Sembilan and the Majlis Daerah (District Council) of Negeri Sembilan. The single payment gateway will be based on EDARAN's PAYJE epayment platform which is gaining recognition in the market.

OPERATIONS REVIEW

Business Outlook

Principally, the business climate remains competitive and more challenging because of the fast changing technology landscape, the slower economy, political instability and the unavailability of skilled and relevant manpower.

The Malaysian government budget allocation for ICT spending especially on CAPEX for the development of major ICT systems in various ministries has decreased; with a shift of the government's focus towards operational spending. Leasing and rental programmes have become more favourable and outright purchase for ICT product and services have been cut back to reduce annual CAPEX. The longer payback time would reduce margins in contract requirements and there will be an increased need to manage any unnecessary risk, therefore reducing revenue inflow for service providers.

Edaran IT Services is aware that it shall need to stay up-to-date with the latest trends and new technologies entering the scene. We recognise the need to constantly innovate and improve our services which will translate to the ability to provide solutions at competitive prices. Initiatives in the pipeline include product and manpower development so that we may continue to meet customers' demands and mitigate the industry's challenges.

MIDC Technology : PAYJE

The e-payment platform PAYJE, developed by the Group's fully owned subsidiary MIDC Technology, continues to make progress as a comprehensive digital solution for online transactions.

PAYJE was developed as an e-payment app that allows users to perform a wide range of inline financial transaction in a secure, convenient, efficient and user friendly platform. PAYJE's main feature is its function as an integrated payment gateway, a gateway designed to ensure a seamless and secure transaction process for both customers and merchants. PAYJE's ability to integrate seamlessly with third party solutions means that business owners who subscribe to this gateway can offer their customers the assurance and convenience of a seamless and worry free transaction solution.

This versatile, all-integrated platform allows users to perform a wide range of online transaction in a secure, reliable and convenient setting. Its user friendly interface and robust features enables transactions to be carried out efficiently and effectively, whether it is applied within an online marketplace, within a food delivery system, for online shopping or even for online donations.

In the area of community services, PAYJE has the inbuilt ability to offer cashless, coupon-less solutions. This is a welcome solution for dispensing aid to the needy community. PAYJE is able to assist recipients of aid such as essential goods, without the need for coupons or physical currency. With the use of PAYJE, the misuse of aid funds for the needy and under privileged is prevented and the needy community is assured of efficient disbursement of funds or food aid. PAYJE ensures that the recipients of aid have access to the resources they require in an efficient and prompt manner; and concurrently ensures Government aids go directly to the targeted recipients.

The PAYJE platform serves also to enhance the lifestyle and convenience of communities. This includes allowing PAYJE users access to information and essential services through e-bulletins, and notifications, closing further the digital divide.

The PAYJE platform has transitioned from an innovative idea to an extraordinary solution. Today, we are happy to announce that the PAYJE platform has been adopted within the State of Negeri Sembilan and by the Majlis Agama Islam Negeri Melaka. This achievement is a significant milestone for the EDARAN Group and is a testament to the capabilities of the Payje platform. Its versatility and wide range of capabilities will continue to serve a full spectrum of users who appreciate transaction reliability and convenience in this digital economy.

OUR ESG RESPONSIBILITIES

Indeed, AI technology will increasingly creep into our world but despite the potential changes it will bring, we remain mindful of our responsibility towards ESG. The ESG consciousness warrants EDARAN's time and attention because what it fundamentally champions is in tandem with what the Group champions.

ESG stands for Environment, Social and Governance. This has been embedded in pur work culture and 'officialised' through our Board Charter. Without articulating our motivations in an intellectualised manner, as in the term ESG, we have consistently promoted the idea of respect, care and compassion for society at large and minimal destruction to the environment. Sustainability of resources, both human talent and material sources will remain a key consideration as we develop and progress.

In our own small ways, we are doing what we can to raise consciousness in all three areas of concern.

This year in review, EDARAN participated in "Recognising Global ESG Trends and Best Practices for Sustainability Strategy (ESG) Programme organized by Malaysian Institute of Management on 10 & 11 Nov 2022. The programme highlighted the role of the Management and the Company Directors in shaping a company's sustainability culture. Participants came away equipped with a better grasp of current sustainability trends and its impacts on companies and the environment.

EDARAN also participated in "The Role of the Accountant in Climate Change" online training in January 2023. This programme highlighted the vital role of the company's accountant and financial division in supporting the organisation's efforts to understand the costs and benefits of adapting to climate change.

In other initiatives, EDARAN employees donated recycled books to the Mini Library Project of KPJ Damansara Specialist Hospital in collaboration with the Girl Guides Association of MRSM Tun Ghafar Baba in Dec 2022.

EDARAN continues to support ESG through the practice of 3R (Reuse, Reduce & Recycle) in the company's daily activities and operations. Small but no less important steps.

COMPANY EVENTS AND HIGHLIGHTS

During the year in review, EDARAN's members of the staff participated in a total of 108 Training and Development programmes which were classified under In-House Programmes (23) and External Programmes (85). These programmes were organised in tandem with the Group's goals of character building and knowledge acquisition. Apart from soft skills and technical training programmes,the Employees were also involved in social activities organised by Kelab Sukan & Kebajikan Edaran.

EDARAN Health Day 2022

Understanding the importance of cultivating a healthy lifestyle in order to fulfil EDARAN'S commitment to the customers and in ensuring the employees are aware of their health condition and have access to knowledge on health, the Company organised "EDARAN HEALTH DAY PROGRAMME" in collaboration with PMCare.

The programme was held on 9 December 2022 and the agenda included:

1) A Health Talk entitled "Eating Right for a Healthier Body Composition"

2) Basic Health Screening
The screenings included:

1. Biometric screening (blood pressure checks, glucose and cholesterol tests) by Pantai Hospital Ampang;

2. Musculoskeletal screening (musculoskeletal disorders such as tendonitis, muscle/tendon strain and etc) by DBC Physiotherapy Malaysia;

3. Cardiovascular screening (Atrial Fibrillation, Bradycardia and Tachycardia) by Columbia Asia Hospital Cheras;

4. Body Mass Index and body composition analysis by Columbia Asia Hospital Cheras; and

5. Dental and Oral screening by Drs. Wong & Partners.

The programme helped the participants to understand their actual health condition and take the necessary action for a healthier lifestyle.

Activities organised by Kelab Sukan & Kebajikan Edaran

Kelab Sukan & Kebajikan Edaran continue to organise various activities throughout the year in review. Members of the club and the Heads of Departments participated in various activities including "Jom Makan Buah" during the durian season, Brisk Walking, Bowling and Badminton. These activities were carried out to boost the Group's efforts in character and team building.

FINANCIAL HIGHLIGHTS

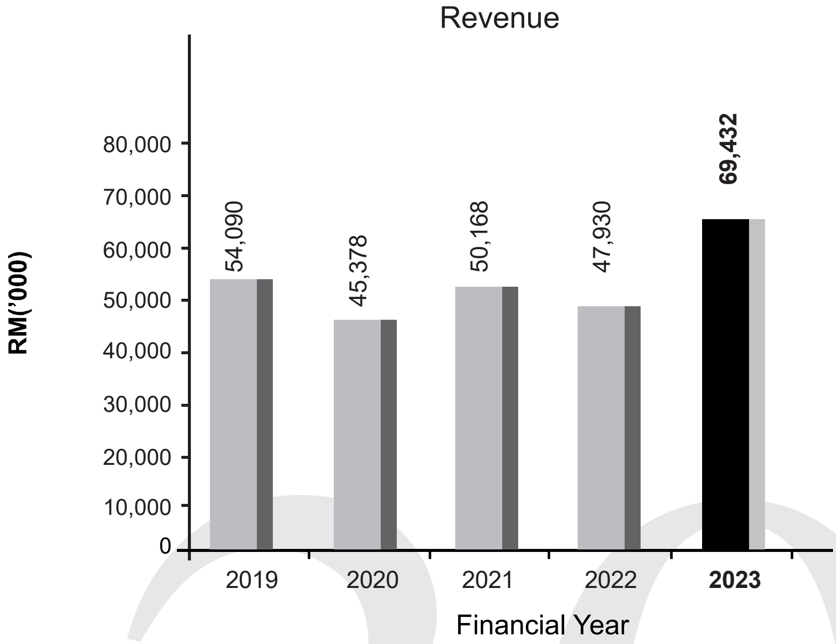
ANNUAL REPORT 2023

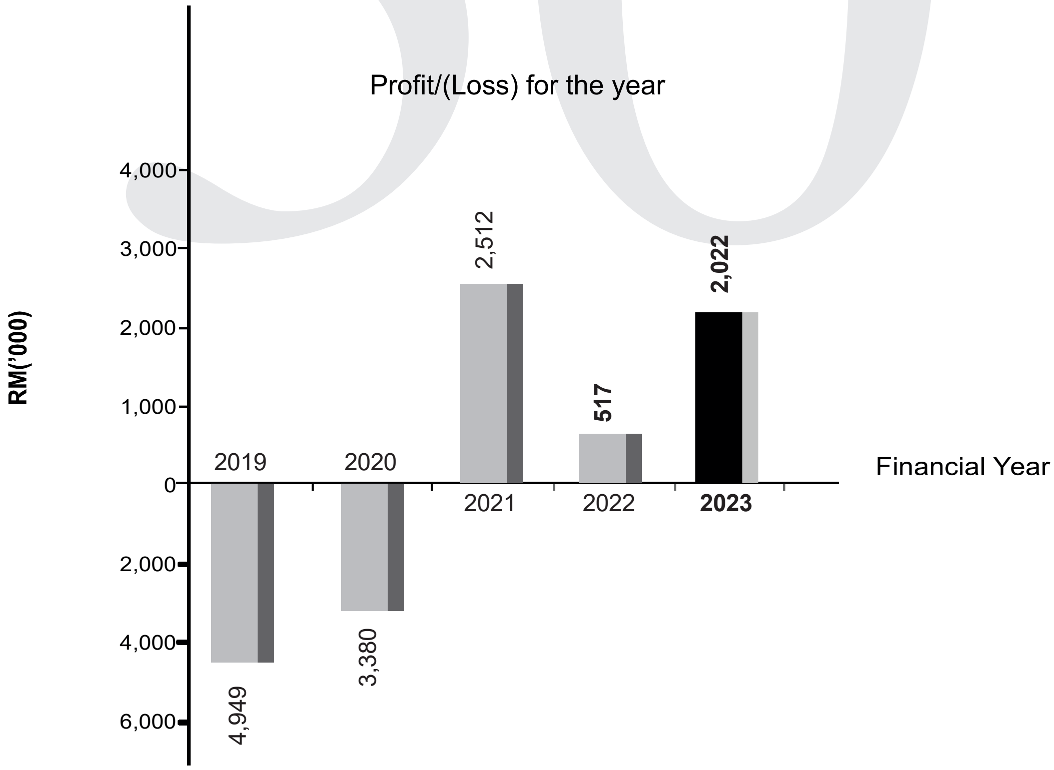
FINANCIAL HIGHLIGHTS
as at 30 June 2023

Five Years Group Financial Highlights

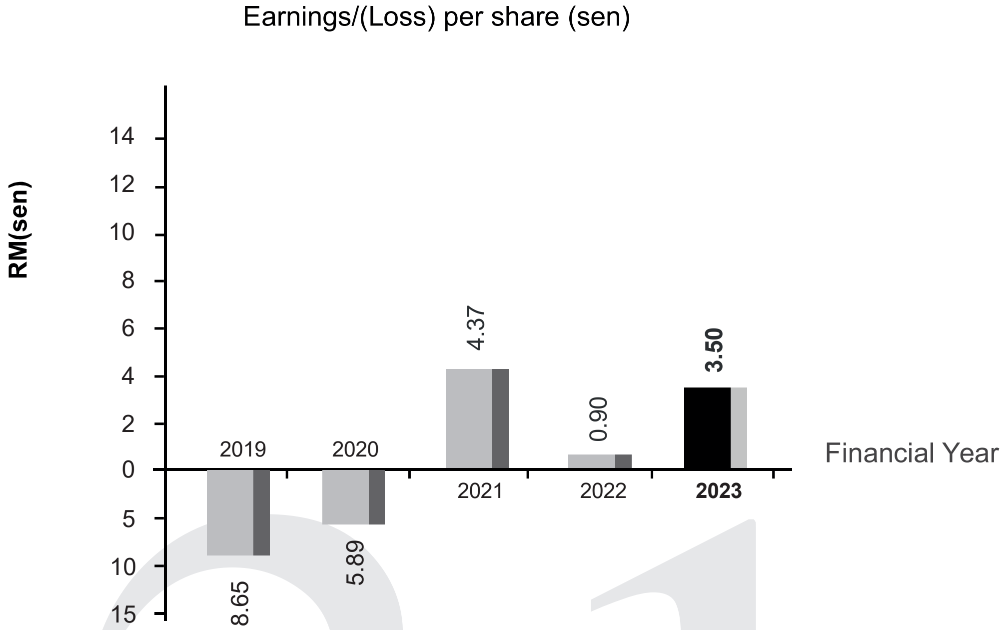
	2023 (RM'000)	2022 (RM'000)	2021 (RM'000)	2020 (RM'000)	2019 (RM'000)
FINANCIAL RESULTS					
Revenue	**69,432**	47,930	50,168	45,378	54,090
Profit/(Loss) before taxation	**3,242**	1,685	5,291	(2,466)	(4,033)
Taxation	**(1,220)**	(1,168)	(2,779)	(914)	(917)
Profit/(Loss) for the year	**2,022**	517	2,512	(3,380)	(4,949)
Earnings/(Loss) per share (sen)	**3.50**	0.90	4.37	(5.89)	(8.65)
FINANCIAL POSITION					
Shareholders' Fund	**30,204**	29,191	24,434	22,919	26,331
Net Current Assets	**7,544**	6,145	4,946	2,779	9,321
Total Assets	**65,780**	57,506	49,349	52,647	53,538
Long Term Liabilities	**11,151**	10,435	8,830	7,844	8,398
Net Assets per share (sen)	**0.50**	49	41	38	44

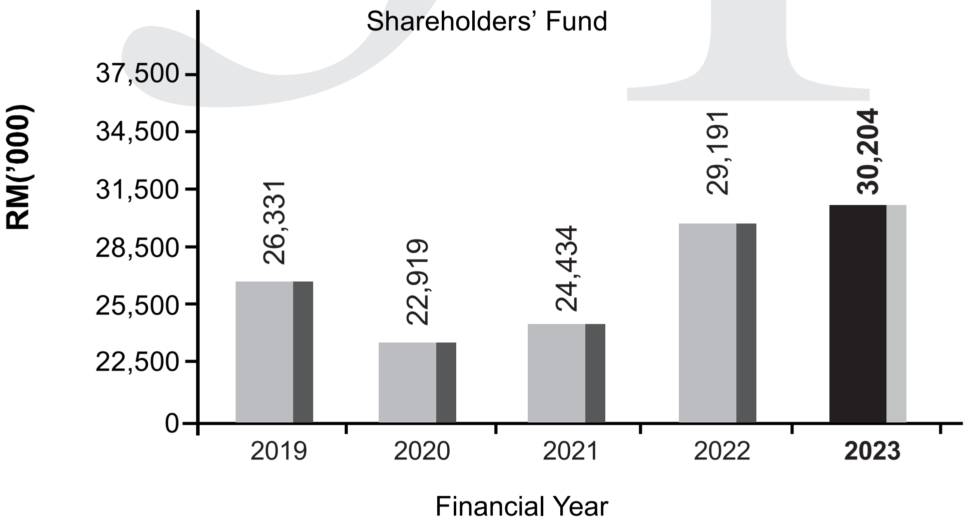
FINANCIAL HIGHLIGHTS
as at 30 June 2023





FINANCIAL HIGHLIGHTS
as at 30 June 2023





STATEMENT ON CORPORATE GOVERNANCE

ANNUAL REPORT 2023

STATEMENT ON CORPORATE GOVERNANCE

The Group acknowledges the importance of corporate governance practices in protecting and enhancing stakeholder value, increasing investors' confidence, establishing trust and building a competitive organisation. The Board of Directors ("Board") is committed to ensuring that the Principles and Practices in Corporate Governance established by the Malaysian Code on Corporate Governance ("Code") are observed and practised in order to protect and enhance the interest of all stakeholders. In line with this, the Board continues to conduct its business with integrity and exercises a high level of transparency and objectivity.

The Board's fundamental approach to good corporate governance is to ensure that the right executive leadership, business strategy and internal controls are in place. The Board subscribes to the belief that self-regulation in tandem with observance of statutory requirements is pivotal to sound corporate governance.

In line with the above, the Company continues with various initiatives and measures in achieving the highest standard of good corporate governance. The Company is committed to disclose its corporate governance practices.

BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board has diligently carried out its responsibilities for the policies and general affairs while retaining full and effective control of the Group. This includes responsibility for the examination and deliberation of the medium and long-term strategies proposed by the management as well as strategies for the development of the Group. The Board's other main duties include regular reviews of the business operations and performance and ensuring that the infrastructure, internal controls and risk management process are well in place. The Board approves the Group's annual business plan and budget and carries out periodic reviews of the progress made by various units of the Group.

Functions reserved for the Board and those delegated to Management

In relation to the functions reserved for the Board and those delegated to Management, there is adequate segregation of duties between the Board and the Management. The company's standard operating procedure has also set out the Limit of Authority.

The Board reviews the yearly business plan. The Board has assigned the responsibility to implement the corporate objectives to the Group Chief Executive Officer.

Roles and responsibilities in discharging Board's fiduciary and leadership functions

The Board has discharged its responsibility to exercise the business judgment and to act in what they reasonably believe to be in the best interests of the company and its shareholders. In discharging the obligation, directors should be entitled to rely on the honesty and integrity of the company's senior executives and its outside advisors and auditors.

In furtherance of its responsibilities, the Board of Directors has assumed, among others, the following responsibilities:

- Reviewing and adopting a strategic plan for the company
- Overseeing the conduct of the company's business
- Identifying principal risks and ensuring the implementations of appropriate internal controls and mitigation measures
- Succession Planning
- Overseeing the development and implementation of a shareholder communications policy for the company
- Reviewing the adequacy and the integrity of the management information and internal controls system of the company

Code of conduct

The Group continues to conduct its day to day business operation and action in accordance to the ethical standards described in the Group Charter. The established Group Charter contains the company's philosophy, values, vision and hope.

In furtherance to create and maintain a culture of high ethical standards and commitment to compliance, guidelines in relation to wrongdoings have been established in the Board of Director's Charter. The procedures apply to all the Directors and employees of the Group as guidance to disclose any improper conduct relating to unlawful activities occurring in the Company.

The Group has also established a new required guideline of Anti-Bribery and Anti-Corruption Policy based on the Group Charter and incorporated in it the other related internal policies.

This Anti-Bribery and Anti-Corruption Policy including the attachments of Group Charter, Memorandum of No-Gift Policy, Whistleblowing Policy, Anti-Bribery and Anti-Corruption Compliance and Code of Conduct are made available for reference at the Company's website at www.edaran.com

Promoting Sustainability

The Company will pursue its success and prosperity only through acceptable and justifiable means, mindful always to others and of the environment pursuant to the Code.

The Company's philosophy established in the Group Charter is adopted as a way to conduct the business and to achieve sustainability. The Sustainability Statement covers the sustainability management activities and its processes.

Supply of information and access to advice

Board meetings are held regularly, at least once every quarter when reports on the financial and operational performance are tabled for review. The Board also evaluates corporate proposals that may give significant financial impact to the Group such as capital expenditure and acquisitions or disposals of assets.

During the financial year ended 30 June 2023 the Board held five meetings. All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated in the Bursa Securities Main Market Listing Requirements. The details of the Directors' attendance are laid out in the Statement Accompanying Notice of Annual General Meeting.

The agenda for every Board meeting, together with comprehensive management reports are furnished to all Directors for their perusal in advance of the meeting date. This gives the Directors ample time to review matters to be deliberated at the Board meeting and to facilitate informed decision-making.

All members of the Board have ready and unrestricted access to the advice and services of the Company Secretaries. The Directors have the liberty to seek independent professional advice if so required by them. Any such request is presented to the Board for approval.

Company Secretary

The Company Secretary and/or the Assistant Company Secretary and/or any other person as may be appointed by the Audit Committee shall be the Secretary to the Audit Committee. The appointed Company Secretaries have several years of experience and are qualified to adequately carry out their duties as advisor to the Board in respect of:

- current best practice;
- corporate governance requirements and practices;
- directors' duties under the law;
- board reporting and disclosure obligations;
- listing rule requirements; and
- proper meetings' procedure.

Board Charter

A Board Charter, based on the Group Charter (which was established in March 2010) and Malaysian Code on Corporate Governance 2017 requirements have been established. It provides guidance and clarity on the role of the Board and the Board Committees and the requirements in carrying out their roles and in discharging their duties.

The Board Charter shall be reviewed and updated in accordance to the needs and directions of the Company. It can be accessed on the Company's website www.edaran.com

Composition of the Board

The Group continues to have a strong and experienced Board, comprising members from a wide variety of background with suitable qualifications and experience relevant to the business. All Board members are of high caliber and have skills and knowledge in various industries. The profiles of the Directors set out in the Corporate Information of this Annual Report; reflect clearly the depth and diversity in expertise to allow for an independent and objective analysis of business decisions. The Board currently has eight (8) members, one (1) of whom is Executive Director, four (4) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. The Independent Directors, fulfil their roles by exercising independent judgment and objective participation in the deliberations of the Board. The Board is headed by a Non-Executive Chairman whose role is clearly differentiated from that of the Group Chief Executive Officer, to ensure a balance of power and authority.

Committees Established by the Board

The Board has established Board Committees to assist the Board. The functions and terms of reference of the Board Committees as well as the authority delegated by the Board to these Committees are clearly defined. The Board may determine such other responsibilities from time to time. The Committees are as follows:

- **Audit Committee**
  The terms of reference of the Audit Committee are set out in the Audit Committee Report.

- **Nominating Committee**
  The terms of reference of the Nominating Committee are set out in the section 'Appointments and Re-election of Directors' in this Statement on Corporate Governance.

- **Remuneration Committee**
  The terms of reference of the Remuneration Committee are set out in the section 'Directors' Remuneration' in this Statement on Corporate Governance.

- **Risk Management Committee**
  The main function of the Risk Management Committee is to assist the Board in its supervisory role in the management of risks covering external and strategic risks, customer and product risks, regulatory and financial risks, people, operations and internal process risks.

The composition of the Risk Committee is as follows:

Members : Dato' Bistamam Ramli
: Datuk Mohd Shu'aib Ishak
: Fazlan Azri Tajudin

The terms of reference of the Risk Management Committee include:

- Developing a risk management framework.
- Identifying the Group's key business risks.
- Developing and implementing mitigating action plans.
- Coordinating and monitoring the effectiveness of the Group's risk management activities.

Board Assessment
The effectiveness of the Board has been evaluated by considering the Board composition and structure, principal responsibilities of the Board, Board process, management performance and succession planning and Board governance.

The Board acknowledges the importance of achieving gender diversity within the organization although currently, the Board does not have any gender diversity policy. As an equal opportunity employer, the Company does not discriminate between any of its applicants based on race or gender. The Company has always created an environment where everyone has equal chance and the opportunity to advance into leadership positions.

Appointments and Re-election of Directors
The proposed appointment of new member(s) of the Board is recommended by the Nominating Committee to the Board for approval. The Nominating Committee composition is as follows:

Chairman : Md Arif Bin Haji Hasan
(Independent, Non-Executive Directors)

Members : Adenan Bin Ismail
(Independent, Non-Executive Directors)

: Wan Adlan Affandy Bin Wan Abdul Rahman
(Non-Independent, Non-Executive Directors)

The Nominating Committee's responsibilities are as follows:

- Recommend to the Board, technically competent persons of integrity with a strong sense of professionalism and who practise the highest standards for appointment as members of the Board of Directors, Managing Director and members of Board Committees.
- Review the Board structure and balance of appointments between Executive and Non-Executive Directors.
- Review the adequacy of the Committee structures of the Audit, Nominating, Remuneration and other Board Committees.
- Review, on an annual basis, the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.
- Carry out the process endorsed by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

The Articles of Association states that at each Annual General Meeting (AGM), one-third of the Directors are required to retire from office. All Directors shall retire from office at least once in every three years and shall be eligible for re-election.

In considering candidates for directorship, the Nominating Committee has performed a thorough assessment of the candidate and deliberated the assessment prior recommending it to the Board for approval. The Nominating Committee has taken into account the candidate's experience, skill and technical competency and professionalism before the directorship appointment.

The Nominating Committee has reviewed the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

Arrangement has been made for the newly appointed Director to attend Mandatory Accreditation Programme (MAP) as prescribed by the Bursa Securities Practice Note 5/2001.

Level and Make-up of Remuneration
The Remuneration Committee carries out reviews whereupon recommendations are submitted to the Board on the level and make-up of remuneration. This is to ensure that the remuneration policy remains competitive and in tandem with the corporate objectives, culture and strategy.

The Remuneration Committee is mainly made up of Non-Executive Directors whose members are as follows:

Chairman : Dato' Abdul Halim Abdullah

Members : Ahmad Yasri Mohd Hashim @ Mohd Hassan

: Saadah Huda Binti Sholah

The responsibilities of the Remuneration Committee are as follows:

- Establish a formal and transparent policy and procedure for executive remuneration and the remuneration packages of individual Directors.
- Consider and recommend the level and make-up of the remuneration of the Executive Directors.
- Review all benefits and entitlements of the Board of Directors on a regular basis.

The determination of the remuneration packages for Non-Executive Directors is a matter for the Board as a whole. Fees payable to Non-Executive Directors are recommended by the Board for shareholders' approval at the AGM. The Executive Directors play no part in the decisions made on their remuneration.

The Executive Directors' remuneration consists of salary, allowance, bonus and other customary benefits as deemed appropriate. The Non-Executive Directors' remuneration consists of annual flat fees as a Board member and allowance for attendance of meetings. The Directors' remuneration is disclosed in Note 24 and 28 of the Financial Statements and the components of remuneration for the financial year 2023 are as follows:

	Fees	Salaries and Other Emoluments	Benefits-in-Kind	Total (RM)
Executive Directors	36,000	819,878	15,000	870,878
Non-Executive Directors	947,790	-	-	947,790

Range of Remuneration	Number of Director: Executive Director	Number of Director: Non-Executive Director
Below RM50,000	-	2
RM50,001 - RM100,000	-	4
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	4
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	1	-
RM300,001 - RM350,000	-	-
RM350,001 - RM400,000	-	-
RM400,001 - RM450,000	-	-
RM450,001 - RM500,000	-	-
RM500,001 - RM550,000	-	-
RM550,001 - RM650,000	1	

Reinforcing Independence
The Code recommends the Board to undertake an assessment of its independent directors. In line with the recommendation, the Board's standards for determining the independence of a director are set in the Board Charter where the Board shall conduct an annual self-evaluation. The Board Charter has also included the membership and term for the independent director as recommended.

The Board is committed in undertaking the assessment of its independent director annually based on the standards determined by the Nominating Committee. The Nominating Committee has reviewed such standards at least annually and recommends any appropriate changes to the Board for consideration. All Independent directors were found independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment and able to act in the best interests of the Group.

The Board is recommended by the Code to comprise a majority of Independent Directors if the Chairman is not an Independent Director. The Board adopts the Code recommendation by having the majority of Independent Directors.

In furtherance to the above, there is a clear division of roles and responsibilities between the Chairman and Managing Director. The Chairman heads the Board of Directors while the Managing Director manages the Company's operations.

In respect of potential conflicts of interest, the Board is committed in ensuring that there is no undue risk involved. All related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Fostering Commitment
The Board has obtained the commitment from its member at the time of appointment. Directors would notify the chairman before accepting any new directorship. All Directors were found to be complied with the requirements of Main Market Listing Requirements of Bursa Malaysia Securities Berhad with regard to the number of directorships held in the listed companies.

Directors' Training
Members of the Board are required to participate in programmes prescribed by Bursa Malaysia Securities Berhad so as to keep themselves updated on knowledge pertaining to the business as well as stay abreast with industry happenings and advancements.

One of the key areas of focus company-wide, over the financial year 2022/2023, was 'sustainability'. At Board level, it was quickly recognised that sustainability is a responsibility of every member of the Company, from the members of the Board to every member of the Staff.

Sustainability is intrinsically linked to the global pursuit of ESG standards which is consistent with the principles of EDARAN, detailed in our Group Charter. ESG essentially represents a set of metrics and practices, specifically within the disciplines of Environmental, Social and Governance that indicates an organisation's commitment and dedication to achieving the greater good. The discipline of sustainability and hence, of ESG are not alien to EDARAN but in fact are inherently weaved into the Group's Charter. Respect for the Creator and for creation; minimising destruction of the environment and respecting all resources on this planet is a culture long adopted by the Group.

Building and incorporating sustainability practices into the operations of EDARAN's business activities has been the focus in our training programmes for Directors over the last financial year. This area of focus will continue into the new financial year. The objective is to increase the knowledge of members of the Board on sustainability strategies, standards and sustainability measurements for companies, so that they may be better equipped to advice the Group.

Upholding Integrity in Financial Reporting

Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial position and prospects in all their reports to shareholders, investors and regulatory authorities. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement by Directors pursuant to Section 169 of the Companies Act, 2016 is set out in the Financial Statements of this Annual Report.

Internal Controls

The Board has overall responsibility for maintaining a system on internal controls that provides reasonable assurance of effective and efficient operations and compliance with Standard Operating Procedures and other internal guidelines. The Statement on Internal Control, which is set out in this Annual Report, provides an overview of the risk management process as well as the manner by which the internal control systems have been designed to manage risks and avert failures.

Relationship with External Auditors

The role of the Audit Committee in relation to the external auditors may be found in the Audit Committee Report. The Group maintains a transparent relationship with its external auditors.

Communication with Shareholders and Investors

Investor Relations

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group. Timely releases of financial results on a quarterly basis provide the shareholders with an overview of the Group's performance and operations. In addition, information is also available through the various announcements made during the year and through circulars, if necessary.

The AGM is the principal forum for dialogue with shareholders in which they are encouraged to participate. At each AGM, the Board presents the progress and performance of the Group and where appropriate, provides the shareholders with a written clarification.

For the re-election of Directors, the Board ensures that full information is disclosed in notices of meeting regarding Directors who are retiring and who are willing to serve if re-elected.

Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement of the effects of the proposed resolution to facilitate the full understanding and evaluation of issues involved.

The Group's website, www.edaran.com is accessible for the shareholders, investors and members of the public to obtain information on Group's announcements, corporate information, operational updates and financial performance.

NOMINATING COMMITTEE STATEMENT

ANNUAL REPORT 2023

NOMINATING COMMITTEE STATEMENT

COMPOSITION

The Board of Directors has appointed its Board Nominating Committee in a guided manner. The Committee structure and Terms of Reference that provide appropriate framework for the Committee's roles and responsibilities are in accordance with the regulatory requirements. Based on the experience and credentials, composition of the Group's Nominating Committee members are as follows:

Composition and Name of Members

- Md Arif Hj Hasan
  Chairman/ Independent, Non-Executive Director
- Adenan Bin Ismail
  Member / Independent, Non-Executive Director
- Wan Adlan Affandy Bin Wan Abdul Rahman
  Member / Non-Independent, Non-Executive Director

ROLES AND RESPONSIBILITIES

Nominating Committee roles and responsibilities are set out in the written Term of Reference, available in the Company's website at www.edaran.com. The responsibilities, among others, include the followings:-

- Recommend to the Board, technically competent persons of integrity with a strong sense of professionalism and who practise the highest standards for appointment as members of the Board of Directors, Managing Director and members of Board Committees.
- Review the Board structure and balance of appointments between Executive and Non-Executive Directors.
- Review the adequacy of the Committee structures of the Audit, Nominating, Remuneration and other Board Committees.
- Review, on an annual basis, the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.
- Carry out the process endorsed by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

ACTIVITIES OF THE NOMINATING COMMITTEE DURING THE YEAR

In accordance with its terms of reference, the following activities were undertaken by the Nominating Committee during the financial year:

- Reviewed composition of the Board based on the required mix of skills, experience and other qualities.
- Assessed the performance of the Board and its effectiveness as a whole.
- Assessed the suitability of the potential Director candidates to fill for the vacancies based on their skills, professional qualifications, experience and integrity.
- Reviewed and assessed the evaluation of Fit and Proper criteria for Directors and key Management Personnel.
- Recommended the renewal of employment contract of key management personnel.
- Oversees the internal control system, enterprise risk management and corporate governance framework are in place.

APPOINTMENT OF NEW DIRECTOR

The diagram below shows the process on selection and appointment of new Director during the financial year:-

NOMINATING COMMITTEE STATEMENT

EVALUATION AND ASSESSMENT

The Board practices performance evaluation based on the Directors' contributions, made in the manner which could build sustainable value for stakeholders and in accordance with the roles and responsibilities imposed. This exercise involves the assessment of the following criteria process:-

AUDIT COMMITTEE REPORT

ANNUAL REPORT 2023

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee members were appointed by the Board of Directors from amongst its Non-Executive Directors and consist of not less than three members at all time. All of the Audit Committee members are independent directors and at least one member is a member of the Malaysian Institute of Accountants or otherwise fulfills the criteria set out in paragraph 15.9 (1C) of the Bursa Securities Main Market Listing Requirements. No alternate Director is appointed as a member of the Audit Committee. The Chairman of the Audit Committee who is an Independent, Non-Executive Director was elected from amongst the members themselves.

SECRETARY

The Company Secretary and/or the Assistant Company Secretary and/or any other person as may be appointed by the Audit Committee shall be the Secretary to the Audit Committee. The minutes of meetings are circulated to the Committee members and briefed to all other members of the Board. Alternatively, the Chairman of the Audit Committee shall present the Audit Committee Report at the earliest Board of Directors' meeting. The Audit Committee Report shall include, among others, a summary of all matters discussed in the Audit Committee meeting including the decisions and recommendations made.

TERMS OF REFERENCE

In line with the provisions of the Listing Requirements, the Audit Committee Terms of Reference is made available on the Company's website at www.edaran.com

ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

Meetings

During the financial year, a total of five Audit Committee meetings were held on the following dates:

Meeting No.	Date	Time
03-22	30 August 2022	10:00 a.m
04-22	04 October 2022	10:00 a.m
05-22	29 November 2022	11:00 a.m
01-23	28 February 2023	10:00 a.m
02-23	31 May 2023	9.30 a.m

The details of attendance of each member at the committee meetings held are as follows:

Composition and Name of Members	Attendance at Meetings
Datuk Emam Mohd Haniff Emam Mohd Hussain Chairman / Senior Independent Non-Executive Director	5 of 5
Dato' Abdul Malek Ahmad Shazili Member / Independent, Non-Executive Director	5 of 5
Encik Ahmad Yasri Bin Mohd Hashim @ Mohd Hassan Member / Independent Non-Executive Director	5 of 5
Encik Md Arif Hj Hasan Member / Independent, Non-Executive Director	5 of 5

Financial Reporting

- Reviewed the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on changes in or implementation of major accounting policy changes, significant or unusual events and compliance with accounting standards and other legal requirements.

- Reviewed the draft audited financial statements for the financial year ended 30 June 2022.

- Reviewed the draft announcements to the Bursa Malaysia Securities Berhad on the quarterly report of the Group for the financial quarters ended 30 June 2022, 30 September 2022, 31 December 2022 and 31 March 2023.

Internal Audit

The Head of Internal Audit normally attended the meetings. Other Directors and senior personnel of the Group attended the meetings at the invitation of the Committee. As and when necessary, the external auditors were invited to the meetings.

In accordance with its terms of reference, the following activities were undertaken by the Audit Committee:

- Reviewed the annual audit plan to ensure adequate scope and coverage for the year.

- Reviewed the adequacy of the scope, functions competency and resources of the internal audit functions and ensure that it has the necessary authority to carry out its work.

- Reviewed the internal audit programme, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

- Reviewed the internal audit reports, audit recommendations made and the management's responses thereon. Where appropriate, the Audit Committee has directed action to be taken by the management to rectify and improve the system of internal controls.

- Reviewed the status reports to monitor the implementation of audit recommendations to ensure that all key risks and controls have been addressed.

- Reviewed related party transaction within the Company or Group including transaction, procedure and course of conduct.

- Reviewed appraisal or assessment of the performance of members of the internal audit function.

- Considered other topics as defined by the Board of Directors.

- Provided necessary support to the internal audit activities.

External Auditor

- Reviewed with the external auditor, its audit plan covering the audit objectives and approach, audit plan and key audit areas.
- Reviewed with the external auditor, its evaluation of the system of internal controls together.
- Reviewed with the external auditor, its audit report and the results of the audit, particularly the accounting issues and significant audit adjustments arising from the audit.
- Reviewed the assistance given by the employees of the Company to the external auditor.
- Reviewed the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on changes in or implementation of major accounting policy changes, significant or unusual events and compliance with accounting standards and other legal requirements.
- Reviewed the external auditor's management letter and the management's response thereto.
- Reviewed the appointment and remuneration of the external auditor and made recommendation thereon.

The Audit Committee updated the Board on the issues and concerns discussed during their meetings including those raised by the external auditors and where appropriate, made the necessary recommendations to the Board

Internal Audit Function

The Group has established an in-house Internal Audit to assist the Audit Committee to oversee that the Management has in place a sound risk management, internal controls and governance systems. The costs incurred for maintaining the Internal Audit function for the financial year 2023 was approximately RM150,000.

The internal audit function is guided by its Audit Charter and reports directly to the Audit Committee. The main role of the Internal Audit is to independently assess the internal control system established by the Management, the adequacy and integrity of the system and to make appropriate recommendations for implementation. The formulation of auditable areas in the annual audit plan is premised on risk-based approach to ensure that the higher risk activities in the Group are audited periodically. The audit plan covers key operational activities that are significant to the overall performance of the Group.

During the financial year ended 30 June 2023, the Internal Audit carried out reviews in accordance with the annual audit plan. The annual audit plan had taken into cognizance, the Group's objectives and business strategies. The Internal Audit also conducts ad hoc assignments and special reviews as instructed by the Audit Committee as and when necessary. Recommendations for improvements were put forward for implementation by the Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ANNUAL REPORT 2023

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to the Bursa Malaysia Securities Berhad Listing Requirements paragraph 15.26(b) and in accordance to the Principle B of Malaysian Code on Corporate Governance (28 April 2021) on the Effective Audit and Risk Management, the Board of Directors ("Board") is pleased to present this Statement on Risk Management and Internal Control.

The Board acknowledges its responsibility for the Group's system of internal controls and its effectiveness to safeguard shareholders' investment and the Group's asset. The Board has established an on-going process for identifying, evaluating and managing significant risks faced by the Group and this process has been in place during the year under review. The management assist the Board in the implementation of the Board's policies and procedures on risks and controls.

Board Responsibility

The Board has overall responsibility for maintaining the system on internal controls and risk management in ensuring effective and efficient operations as well as compliance with Standard Operating Procedures and other internal guidelines. The Board is assisted by the Risk Management Committee and the Audit Committee in monitoring and management of the identified business risks covering the internal and external risks.

The Board is of the view that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control framework of the Group and the assurance from the management that the system and procedures put in place is being practised.

The Statement on Risk Management and Internal Control, which is set out in this Annual Report, provides an overview of the risk management process as well as the manner by which the internal control systems have been designed to manage risks and avert failures.

Internal Control Processes

The key processes that have been established by the Board in reviewing the adequacy and integrity of the internal controls system, which provide reasonable assurance against material misstatement or loss, include the following:

- Internal procedures and limits of authority set out in the Standard Operating Procedures, which are periodically reviewed, facilitate compliance with internal controls and other regulatory requirements.
- The management provides regular and comprehensive information covering financial performance, key business indicators, staff utilisation and cash flow performance.
- The annual budget and business plan are prepared and tabled to the Board for approval.
- The Board receives and reviews financial results on a quarterly basis.
- The Audit Committee reviews internal control issues identified by the Internal Audit Department and monitors compliance with procedures on a regular basis.
- The professionalism and competence of the staff are maintained through a comprehensive recruitment process, performance appraisal, training and development programmes.

The Internal Audit Department performs internal audits on various operating units within Group on a risk-based approach based on the annual audit plan approved by the Audit Committee. The department checks for compliance with policies and procedures and the effectiveness of the internal control system and highlights significant findings of non-compliance in the quarterly Audit Committee meetings of the Group.

Risk Management

Consistent with the Principle B of the Malaysian Code on Corporate Governance (28 April 2021), the Risk Management Committee (RMC) has been established to assist the Board to oversee the overall management of principal areas of risk. The RMC delegates the responsibility to the Risk Management Working Group (RMWG) in ensuring effective risk management process. The RMWG which comprises of senior management staff and business unit heads perform regular risk management assessments and through Internal Audit Department, review the internal control processes, and evaluate the adequacy and effectiveness of the risk mitigation plan and internal controls system in place on a regular basis.

The Groups' key risk profile that identifed the type of threats to the Company has been established and categorised as below.

These risks were assessed and the sensible measures were taken to control the threats.

Conclusion

The Board is of the view that there were no material losses, deficiencies or errors arising from any inadequacy or failure of the Group's internal control system that will require disclosure in the Annual Report. The Board continues to take measures to strengthen the system of internal control maintained by the Group and ensure shareholders' investment and Group's assets are consistently safeguarded.

The external auditor has reviewed this statement for inclusion in the annual report for the financial year ended 30 June 2023 and reported to the Board that the statement is consistent with the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

ANNUAL REPORT 2023

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the requirements of the applicable financial reporting standards in Malaysia, the provisions of the Companies Act, 2016 and the Bursa Securities Main Market Listing Requirements.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy so as to provide a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of their results and cash flows for that year then ended.

In preparing the annual audited financial statements, the Directors have:

- Applied the appropriate and relevant accounting policies on a consistent basis.
- Exercised judgment and made estimates that are reasonable and prudent.
- Followed all applicable Financial Reporting Standards in Malaysia.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 2016 and Bursa Securities Main Market Listing Requirements.

The Directors have taken reasonable steps to safeguard the assets of the Group, prevent and detect fraud and other irregularities.

SUSTAINABILITY STATEMENT

ANNUAL REPORT 2023

SUSTAINABILITY STATEMENT

Sustainability is a subject matter that EDARAN holds dear and pertinent in its endeavours to be a profitable organisation. Sustainability is indeed the operative principle in the Company's mission to be not just a successful company but to be a company of value. The tenet of sustainability, expectedly, runs central within the Company's Charter and manifests itself in practices, direct and indirect, in every activity of the Company. In 2010, EDARAN made a declaration of its appreciation of sustainability, through its Annual Report. The principle of sustainability will remain a continual guide for EDARAN for as long as the Company shall exist.

The Value Of Sustainability In EDARAN

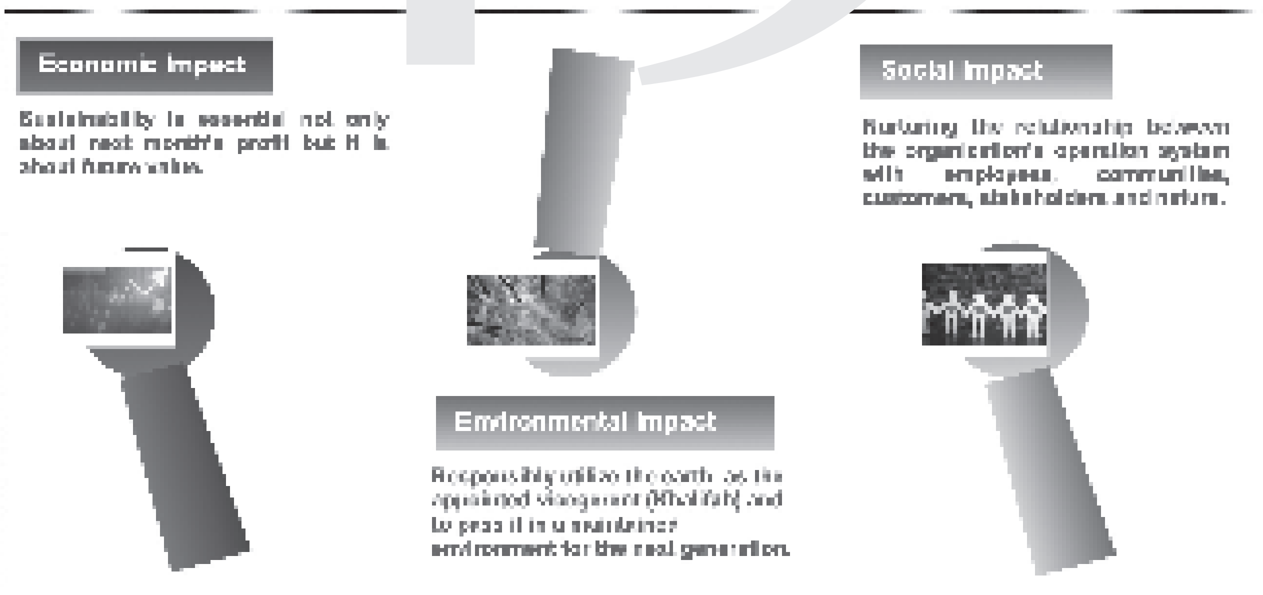
EDARAN has long been aware that even as profit creation and maximisation remain one of the main thrusts of business, it is sustainable profit creation that will ultimately ensure the continuity and success of the Company. EDARAN remains clear on its long term goal and that, simply, is to stay in the business for the long haul. In essence, to be sustainable. For this reason, EDARAN strives to operate in a sustainable manner on all fronts, not in the least, to adopt sustainable ways of thinking, of producing, of using, of disposing, of organising, of marketing, of development and of action. We will continue to create value not only for the Company but for all stakeholders including the communities and society at large by practising a sustainability strategy and actions that imprints upon the economy, environment and the social front in a beneficial way.

As a Company whose principle activities lie in and around the domain of Information Technology and Connectivity and indeed, as an enabler of technology, our activities and products impact individuals, communities, industries, the business world, the academia and almost every aspect of societal life. The scope of influence of our activities is undeniably vast. It is therefore clearly one of our responsibilities to ensure matters of sustainability such as producing, disposing, marketing, application and use of our products and services are monitored to avoid wastage of resources and accumulation of obsolete 'junk' which malaise our environment. Essentially, sustainability in an IT company is about minimizing the negative impact of information technology use on the social, economic and environmental aspects of life, and using information technology in fact, to help solve sustainability issues.

Monitoring Sustainability In EDARAN

Governance of the Company's sustainability efforts fall upon the shoulder of every member of the organisation beginning with the Board of Directors. The Management and every member of the Staff is empowered to continually identify areas relevant to their function and field of work within the Group, for the consideration of the Board of Directors and the Management and thereafter translated into suitable actions towards sustainability of the issue in question.

Among the main factors taken into consideration in managing the Company's sustainability are Economic Impact, Environmental Impact and Social Impact.



These three priority areas have been identified in order to form an integrated sustainability statement. The material sustainability matters within the areas are also defined below. This Statement provides a narrative of the Company on-going sustainability journey in line with the Bursa Malaysia Sustainability Reporting Guide.

SUSTAINABILITY STATEMENT

Material Matter	Managing The Matter	Governance
Economic Impact		
• **Business Performance** • **Technology / Innovation / Digitalisation System**	At EDARAN, we appreciate that the practice of sustainability translates to reduction of waste, higher economic value, higher productivity, better benefits, good public relations and good will. We regard sustainability as sound business practices as it is essentially not only about next month's profit but it is about future value. We agree as well that leading companies will be those that provide goods and services that reach their customers in ways that address the world's challenges, especially the challenges of climate change, limited resources and loss of species. We believe that more and more, our value as a company will be measured not merely on the merits of its economic value but also by our contribution to sustainability and by our performance on the environmental and social fronts.	▶ **Business Plan** ▶ **Risk Management Committee** ▶ **Key Risk Profile**
• **Ethics & Integrity**	The Company has established and implemented a Group Charter and code of ethics to all members of the staff including supplier and customer.	▶ **Group Charter** ▶ **Code of Conduct** ▶ **No Gift Policy** ▶ **Anti Bribery and Anti Corruption Policy** ▶ **Whistleblowing Policy**
Environmental Impact		
• **Biodiversity Awareness**	On the humanitarian front, we strive to practice sustainability of our habitats and surroundings because of the universal good that can be derived from these practices. At its most fundamental level, sustainability means a greener earth, more resources and a high quality of life. For these reasons and several others, we uphold that environmental stewardship is obligatory upon all human beings. We maintain that it is the duty of every person to preserve their immediate environments, their natural heritage and natural resources by reducing their actions that destroy these life giving resources. Unless all human beings begin to appreciate the interdependence of man and all other creations of this planet for survival and harmony, our fear is that we may never learn the value and the exigency of sustainability in our world. And if at length we finally learn, we hope it may not be too late.	▶ **Group Charter** ▶ **Edaran Sports Club - Recycle, Reuse and Reduce**
Social Impact		
• **Human Rights and Community**	A fundamental and early mission of EDARAN was to help young graduates by providing them a platform and opportunity to put into practice their knowledge and competencies in IT. We will continue to provide the avenues and opportunities for the application and pursuit of knowledge, with the aim of developing quality human resources. IT deals with components and knowledge that become obsolete in quick time. Skills taught and knowledge acquired are soon rendered useless as new technology rewrites the script. EDARAN's solution is to share new knowledge, train and re-train and impart new skills necessary to enable its employees as well as its customers and all stakeholders to stay relevant.	▶ **Group Charter** ▶ **Edaran Sports Club - Donations and Fund Raising** ▶ **Occupational Health and Safety at the Workplace Regulation**

SUSTAINABILITY STATEMENT

Growing Along the Sustainability Curve

EDARAN will seek out value that will be unleashed in the pursuit of sustainability across all sectors of society. Beginning within the organisation, sustainable practices as basic as reducing wastage and recycling resources are recognised as a start towards value creation. The observance of sustainable practices stems from the company's group-wide Charter, which espouses the universal principle of reverence for God and reverence for all things created. In Islam, this is encapsulated in the principle of '...hablimminAllah wa hablimminannas...'
.

For EDARAN, this widely encompassing principle prescribes that as individual citizens of this planet and as a collective corporate body, we must strive to minimise harm and destruction to our environment. We believe that sustainability begins within the individual.

As a competitive force, sustainability is already changing the world, bringing with it completely new ways to operate businesses, and new ways to produce and deliver goods and services. More and more, businesses will be driven by sustainability strategies which lead to the creation of long term value for all stakeholders. It becomes essential for EDARAN to move forward along the same route, appreciating customers' sustainable strategies and helping them to optimise their operational environment to derive efficiencies and ultimately, value.

ADDITIONAL COMPLIANCE INFORMATION

ANNUAL REPORT 2023

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with paragraph 9.25 of Main Market Listing Requirement.

1. **Directors (as at 30 September 2023)**
   None of the Directors has any family relationships. The profiles of the respective directors are set out on pages 14 to 16 of this Annual Report.

2. **Offence (as at 30 September 2023)**
   None of the Directors has been convicted for offences within the past five years other than traffic offences, if at all there was any.

3. **Conflict of Interest (as at 30 September 2023)**
   There has been no conflict of interest between any of the Directors and the Company and its subsidiaries.

4. **Share Buyback**
   The Company did not enter into any share buy-back transaction during the financial year.

5. **Options, Warrants or Convertible Securities**
   There were no options, warrants or convertible securities exercised during the financial year.

6. **American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme (as at 30 September 2023)**
   During the financial year, the Group did not sponsor any AUK or GDR programme.

7. **Imposition of Sanctions and/or Penalties (as at 30 September 2023)**
   There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

8. **Non-Audit Fees**
   There is a non-audit fee payable to Messrs TGS TW PLT for reviewing the Company's Statement of Risk Management and Internal Control for FY2023 as disclosed in Note 24 of the Financial Statement.

9. **Profit Forecast**
   The Company did not release any profit estimate, forecast or projection for the financial year. The disclosure requirements for explanatory notes for profit forecast are therefore not applicable.

10. **Profit Guarantee**
    During the financial year, there were no profit guarantees given by the Group.

11. **Material Contracts**
    There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

12. **Revaluation Policy on Landed Properties**
    The Group has adopted a policy of regular revaluation on its landed properties in the financial year as disclosed in Note 3 of the Financial Statements.

13. **Related Party Transactions**
    Details of the transactions with related parties undertaken by the Group during the period as disclosed in Note 32 of the Financial Statements.

14. **Recurrent Related Party Transactions**
    The Company has not sought any mandate from the shareholders for Recurrent Related Party Transactions ("RRPT") and has not entered into any RRPT since the last AGM.

STATISTICS ON SHAREHOLDINGS

ANNUAL REPORT 2023

STATISTICS ON SHAREHOLDINGS

Statement of Shareholdings (as at 30 September 2023)

Issued Shares Capital	: 60,000,000 Ordinary shares
Paid Up Capital	: RM68,022,580
Voting Rights	: One vote per shareholder on a show of hands
	One vote per share on a poll
No. Of Shareholders	:

Analysis of Shareholdings

A. Distribution of Shareholdings (as at 30 September 2023)

Size of Shareholdings	Shareholders	Shareholding	%
Less than 100	26	842	0.00
100 - 1000	1,233	1,116,080	1.93
1,001 - 10,000	834	4,515,610	7.80
10,001 - 100,000	397	12,271,560	21.19
100,001 to less than 5% of issued shares	43	16,901,375	29.19
5% and above of issued shares	3	23,099,733	39.89
Total	**2,536**	**57,905,200**	**100.00**

B. List of Thirty (30) Largest Shareholders (as at 30 September 2023)

	Name	No. of Shares	%
1	Valiant Chapter Sdn Bhd	13,778,765	23.80
2	Kauthar Sdn Bhd	4,730,832	8.17
3	Unique Pyramid Sdn Bhd	4,590,136	7.93
4	Initiative Aims Sdn Bhd	2,873,700	4.96
5	Gigantic Talent Sdn Bhd	2,725,662	4.71
6	GD Services PLT	1,400,000	2.42
7	Datuk Mohd Shu'aib Hj Ishak	1,171,428	2.02
8	Gan Tiong Siew	1,153,000	1.99
9	Graphics Devine Sdn Bhd	801,100	1.38
10	Wong Mun Sing	659,500	1.14
11	Kauthar General Services Sdn Bhd	563,500	0.97
12	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sak Kam Wah	296,000	0.51
13	Fazlan & Amal Sdn Bhd	289,500	0.50
14	Tan Say Leong	285,000	0.49
15	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Mun Sing	232,000	0.40
16	Caroline Ng Lay Lin	230,000	0.40
17	Maybank Nominees (Tempatan) Sdn Bhd Zainu Aizana Binti Zainuddin	221,800	0.38
18	Yap Hann Boon	210,000	0.36
19	Ee Chin Boon	205,300	0.35
20	Tan Yau Lam	203,400	0.35

B. List of Thirty (30) Largest Shareholders (as at 30 September 2023) (Continued)

	Name	No. of Shares	%
21	Ahmad Yasri bin Mohd Hashim @ Mohd Hassan	202,385	0.35
22	Sundarasan A/L Rajappan	200,000	0.34
23	Leong Yeok Pooi	180,000	0.31
24	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd For Siow Sin Fat	161,000	0.28
25	Ong Chee Guan	159,500	0.28
26	Abdul Latif Bin Ibrahim	157,200	0.28
27	Md Nahar Bin Noordin	195,000	0.27
28	Chua Cheng Hee	154,000	0.26
29	H'ng Choon Lim	151,400	0.26
30	Koh Yee Seng	150,000	0.26

Note:
The computation of the above percentage (%) excludes the Treasury Shares of 2,094,800 held by the Company.

C. Substantial Shareholders (as at 30 September 2023)
(as shown in the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares Held	%
1. Valiant Chapter Sdn Bhd	13,778,765	23.80
2. Kauthar Sdn Bhd	4,730,832	8.17
3. Unique Pyramid Sdn Bhd	4,590,136	7.93

Note:
The computation of the above percentage (%) excludes the Treasury Shares of 2,094,800 held by the Company.

D. Directors' Shareholding (as at 30 September 2023)
(as shown in the Register of Directors' Shareholding)

Directors	No. of Share Held (Direct)	No. of Share Held (Indirect)	%
1. Dato' Abdul Halim Abdullah	0	0	0.00
2. Datuk Mohd Shu'aib Ishak	1,171,428	0	2.02
3. Ahmad Yasri Mohd Hashim @Mohd Hassan	202,385	0	0.35
4. Md Arif Hj Hasan	0	0	0.00
5. Adenan Ismail	0	0	0.00
6. Wan Adlan Affandy Wan Abdul Rahman	0	0	0.00
7. Saadah Huda Sholah	0	0	0.00
8. Fazlan Azri Tajudin	0	853,100	1.47

Notes:
i. Fazlan Azri Tajudin is deemed interested in the shares held by Fazlan & Amal Sdn Bhd and Kauthar General Services Sdn Bhd by virtue of his 25% and 50% interest therein respectively.
ii. The computation of the above percentage (%) excludes the Treasury Shares of 2,094,800 held by the Company.

E. Directors' Shareholding in subsidiaries and associate companies
(as at 30 September 2023)

Directors	No. of Share Held (Direct)	No. of Share Held (Indirect)	%
1. Dato' Abdul Halim Abdullah			
Nil	-	-	-
2. Datuk Mohd Shu'aib Ishak			
Nil	-	-	-
3. Ahmad Yasri Mohd Hashim @ Mohd Hassan			
Nil	-	-	-
4. Md Arif Hj Hasan			
Nil	-	-	-
5. Adenan Ismail			
Nil	-	-	-
6. Wan Adlan Affandy Wan Abdul Rahman			
Nil	-	-	-
7. Saadah Huda Sholah			
Nil	-	-	-
8. Fazlan Azri Tajudin			
Nil	-	-	-

GROUP PROPERTIES

ANNUAL REPORT 2023

GROUP PROPERTIES
as at 30 June 2023

Location	Description/ Current Use of Building	Tenure/ Tenure Period	Date of Revaluation	Approximate Age of Building (years)	Building Area/ Land Area (sq. meters)	Net Book Value (RM'000)
Lot No. 11341 Title No. PN 28142 Mukim of Ampang, District and State of Wilayah Persekutuan Kuala Lumpur. (No. 33, Jalan 2/76C Desa Pandan 55100 Kuala Lumpur)	Terrace Shop/Offices ● Own Occupation (Office space) ● Rented Out (Restaurant)	Leasehold / 99 years expiring on 06.07.2085	30 Sept. 2021	29	950.08 / 334.00	4,856
Lot No. 11332 Title No. PN 36545 Mukim of Ampang, District and State of Wilayah Persekutuan Kuala Lumpur. (No. 32, Jalan 1/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shop/Offices ● Own Occupation (Office space)	Leasehold / 99 years expiring on 06.07.2085.	30 Sept. 2021	29	869.13 / 284.00	3,971
Lot No. 11304 Title No. 28631 Mukim of Ampang, District and State of Wilayah Persekutuan Kuala Lumpur. (No. 2, Jalan 4/76C Desa Pandan 55100 Kuala Lumpur)	Terrace Shop/Offices ● Own Occupation (Office space)	Leasehold / 99 years expiring on 07.07.2085.	30 Sept. 2021	28	547.46 / 294.00	4,491
Lot No. 11303 Title No. 28632 Mukim of Ampang, District and State of Wilayah Persekutuan Kuala Lumpur. (No. 4, Jalan 4/76C Desa Pandan 55100 Kuala Lumpur)	Terrace Shop/Offices ● Own Occupation (Office space)	Leasehold / 99 years expiring on 07.07.2085.	30 Sept. 2021	28	410.00 / 163.00	3,161
Lot No. 11302 Title No. 28633 Mukim of Ampang, District and State of Wilayah Persekutuan Kuala Lumpur. (No. 6 Jalan 4/76C, Desa Pandan 55100 Kuala Lumpur)	Terrace Shop/Offices ● Own Occupation (Office space)	Leasehold / 99 years expiring on 07.07.2085.	30 Sept. 2021	28	443.34 / 163.00	3,262

GROUP PROPERTIES

as at 30 June 2023

Location	Description/ Current Use of Building	Tenure/ Tenure Period	Date of Revaluation	Approximate Age of Building (years)	Building Area/ Land Area (sq. meters)	Net Book Value (RM'000)
Lot No. 11348 Title No. 36544 Mukim of Ampang, District and State of Wilayah Persekutuan Kuala Lumpur. (No. 19, Jalan 2/76C Desa Pandan 55100 Kuala Lumpur)	Terrace Shop/Offices ● Own Occupation (Office space)	Leasehold / 99 years expiring on 06.07.2085	30 Sept. 2021	28	434.79 / 153.00	2,710
Lot No. 11347 Title No. 36543 Mukim of Ampang, District and State of Wilayah Persekutuan Kuala Lumpur. (No. 21, Jalan 2/76C Desa Pandan 55100 Kuala Lumpur)	Terrace Shop/Offices ● Own Occupation (Office space) ● Rented Out (Office space)	Leasehold / 99 years expiring on 06.07.2085.	30 Sept. 2021	28	434.79 / 153.00	2,603
Lot No. 11462 Held under Strata Title Pajakan Negeri (WP): 28323/M1/2/2 Mukim of Ampang District and State of Wilayah Persekutuan Kuala Lumpur. (No. 23-1, First Floor, Jalan 5/76B Desa Pandan 55100 Kuala Lumpur)	Terrace Shop/Offices ● Own Occupation (Office space)	Leasehold / 99 years expiring on 06.07.2085.	30 Sept. 2021	29	139.00	463

REPORTS AND FINANCIAL STATEMENTS

ANNUAL REPORT 2023

EDARAN BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2023

INDEX
*****

EDARAN BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

Principal Activities

The Company is principally engaged in the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

Financial Results

	Group RM	Company RM
Profit for the financial year	2,022,319	3,876,543
Attributable to:		
Owners of the Company	2,025,131	3,876,543
Non-controlling interests	(2,812)	-
	2,022,319	3,876,543

Reserves and Provisions

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

Dividends

Since the end of the last financial year, the Company paid:

	RM
An interim single-tier dividend of 1.75 sen per ordinary share in respect of the financial year ended 30 June 2023 on 3 February 2023	1,013,341

The Board of Directors does not recommend any final dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

Treasury Shares

As at 30 June 2023, the Company held 2,094,800 treasury shares out of the total 60,000,000 issued ordinary shares. Further relevant details are disclosed in Note 16 to the financial statements.

Options Granted Over Unissued Shares

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

Directors

The Directors in office during the financial year until the date of this report are:

Dato' Abdul Halim Abdullah *
Datuk Emam Mohd Haniff Emam Mohd Hussain * (retired on 31 May 2023)
Dato' Abdul Malek Ahmad Shazili (retired on 31 May 2023)
Dato' Hj Abdul Hamid Mustapha * (retired on 31 May 2023)
Datuk Mohd Shu'aib Hj Ishak *
Ahmad Yasri Mohd Hashim @ Mohd Hassan
Md Arif Hj Hasan *
Wan Adlan Affandy Wan Abdul Rahman
Fazlan Azri Tajudin *
Adenan Ismail (appointed on 24 March 2023)
Saadah Huda Binti Sholah (appointed on 24 March 2023)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Dato' Bistamam Ramli
Amir Ghani Ahmad Abdul Ghani
Abdul Aziz Shik Razak
Mustafa Rawther Mohamed Rawther
Pg Shariffful Bahri PSI Pg Hj Ismail
Harliana Hj Untong

* *Director of the Company and its subsidiary companies*

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	At 1.7.2022	Bought	Sold	At 30.6.2023
Interests in the Company				
Direct Interests				
Datuk Mohd Shu'aib Hj Ishak	1,171,428	-	-	1,171,428
Ahmad Yasri Mohd Hashim @ Mohd Hassan	202,385	-	-	202,385
Indirect Interests				
Fazlan Azri Tajudin *	853,100	-	-	853,100

* Deemed interest by virtue of his interest in Fazlan & Amal Sdn. Bhd. and Kauthar General Services Sdn. Bhd. which holds 289,600 and 563,500 shares in the Company respectively.

Other than as disclosed above, none of the other Directors in office at the end of the financial year have any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors 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.

The details of the Directors' remuneration for the financial year ended 30 June 2023 are as below:

	Group RM	Company RM
Fee	854,790	728,790
Salaries and other emoluments	619,000	619,000
Social security contributions	1,119	1,119
Defined contribution plans	58,800	58,800
Estimated money value of benefits-in-kind	15,000	15,000
	1,548,709	1,422,709

Directors' Benefits (Cont'd)

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act 2016 in Malaysia.

Other Statutory Information

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

   (i) 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 adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

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

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

   (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

Other Statutory Information (Cont'd)

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

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

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

(d) In the opinion of the Directors:

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

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

(iii) 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 to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

Auditors

The Auditors, Messrs. TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 are as follow:

	Group RM	Company RM
TGS TW PLT	86,000	40,000
Other auditors	4,125	-
	90,125	40,000

Signed by the Board of Directors in accordance with a resolution of the Directors dated 3 October 2023.

DATO' ABDUL HALIM ABDULLAH

FAZLAN AZRI TAJUDIN

KUALA LUMPUR

EDARAN BERHAD
(Incorporated in Malaysia)

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 17 to 106 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 3 October 2023.

DATO' ABDUL HALIM ABDULLAH

FAZLAN AZRI TAJUDIN

KUALA LUMPUR

EDARAN BERHAD
(Incorporated in Malaysia)

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

I, DATO' BISTAMAM RAMLI, being the Officer primarily responsible for the financial management of Edaran Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 17 to 106 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 by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 3 October 2023)

DATO' BISTAMAM RAMLI

Before me,

SHI'ARATUL AKMAL SAHARI
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDARAN BERHAD
[Registration No: 199201010141 (241644-W)]
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Edaran Berhad, which comprise the statements of financial position as at 30 June 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 of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 106.

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 30 June 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.

Basis for Opinion (Cont'd)

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key audit matters	How we addressed the key audit matters
Contract revenue and contract costs recognition	
Refer to Note 3 (Significant Accounting Policies) and Note 9 (Contract Assets and Contract Liabilities).	We evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers*.
The Group is involved in construction services contract which span more than one accounting period. The revenue from construction service activities is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligations under the contracts.	We verified the total contract sums and material cost elements in the project budgets for selected significant on-going projects against their respective supporting documents including contracts, key assumptions and relevant workings for estimates of contract costs.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDARAN BERHAD (CONT'D)
[Registration No: 199201010141 (241644-W)]
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key audit matters	How we addressed the key audit matters
Contract revenue and contract costs recognition (Cont'd) The Group uses the percentage of completion method in accounting for the progress towards complete satisfaction of the performance obligations. We identified contract revenue and contract costs as key audit matter as significant management judgement and estimates are involved in estimating the total construction service contract costs. The significant judgement includes determining the progress towards satisfaction of performance obligation, the extent of the construction service costs incurred and the estimated total construction service costs. Such judgement involves estimation uncertainty which the changes in these judgements could lead to a material change in the value of revenue recognised.	We inquired the management regarding the status of the ongoing project to ascertain the alignment in determining the revenue recognition and whether the total budgeted cost is estimated reliably. We recomputed and assess the mathematical accuracy of revenue and costs recognised based on percentage of completion method and considered the implications of any identified error and change in estimates. We examined cost and the recognised project revenue on which the determination of completion ratio is based. The mathematical accuracy of the percentage of completion on cost calculation is tested. We assessed the adequacy and reasonableness of the disclosures in the financial statements.
Recoverability of trade receivables Refer to Note 3 (Significant Accounting Policies) and Note 10 (Trade Receivables).	We obtained the understanding of the Group's credit risk policy, and tested the processes used by management to assess credit exposures.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDARAN BERHAD (CONT'D)
[Registration No: 199201010141 (241644-W)]
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key audit matters	How we addressed the key audit matters
Recoverability of trade receivables (Cont'd)	
The Group's trade receivables amounting to RM18 million, representing approximately 56% of the Group's total current assets as at 30 June 2023.	We assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment loss, which include consideration of the current economic.
The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness and customer payment terms.	We tested the accuracy and completeness of the data used by the management. We reviewed the adequacy of the amount of impairment loss and inquired the management regarding the recoverability of a sample of trade receivables that are pass due but not impaired accounts and review of customers' correspondence. We reviewed the appropriateness of the indicators of impairment and disclosures made in accordance with MFRS 9 *Financial Instruments.*

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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

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

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

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

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: (Cont'd)

- 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our 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 THE MEMBERS OF EDARAN BERHAD (CONT'D)
[Registration No: 199201010141 (241644-W)]
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

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

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants

LIM GE RU
03360/03/2024 J
Chartered Accountant

KUALA LUMPUR
3 October 2023

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	9,971,589	9,538,980	1,792,838	1,996,991
Right-of-use assets	5	22,093,568	22,303,883	-	-
Intangible assets	6	723,239	629,653	-	-
Investment in subsidiary companies	7	-	-	41,683,816	40,023,228
Other investments	8	22,500	10,350	-	-
		32,810,896	32,482,866	43,476,654	42,020,219
Current assets					
Contract assets	9	13,301	189,564	-	-
Trade receivables	10	18,307,302	21,162,338	-	-
Other receivables	11	347,942	583,499	73,280	68,158
Amount due from subsidiary companies	12	-	-	18,000	-
Dividends receivable		-	-	-	2,150,000
Tax recoverable		30,973	24,967	30,973	24,967
Deposits, bank and cash balances	13	14,269,820	3,062,340	534,729	344,175
		32,969,338	25,022,708	656,982	2,587,300
Total assets		65,780,234	57,505,574	44,133,636	44,607,519

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (CONT'D)

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
EQUITY					
Share capital	14	68,022,580	68,022,580	68,022,580	68,022,580
Reserves	15	(36,768,712)	(37,781,730)	(50,382,354)	(53,245,556)
Treasury shares	16	(1,049,536)	(1,049,536)	(1,049,536)	(1,049,536)
Equity attributable to owners of the Company		30,204,332	29,191,314	16,590,690	13,727,488
Non-controlling interests		(1,000,675)	(998,272)	-	-
Total equity		29,203,657	28,193,042	16,590,690	13,727,488
LIABILITIES					
Non-current liabilities					
Loans and borrowings	17	5,035,333	4,408,127	-	-
Lease liabilities	18	2,028,258	1,872,950	-	-
Deferred tax liabilities	19	4,087,838	4,153,718	-	-
		11,151,429	10,434,795	-	-
Current liabilities					
Loans and borrowings	17	1,943,218	3,417,716	-	-
Lease liabilities	18	1,186,175	1,016,291	-	-
Contract liabilities	9	5,461,500	1,856,284	-	-
Trade payables	20	8,308,262	5,396,524	-	-
Other payables	21	7,649,588	5,758,347	505,171	178,418
Amount due to subsidiary companies	12	-	-	27,037,775	30,701,613
Tax payable		876,405	1,432,575	-	-
		25,425,148	18,877,737	27,542,946	30,880,031
Total liabilities		36,576,577	29,312,532	27,542,946	30,880,031
Total equity and liabilities		65,780,234	57,505,574	44,133,636	44,607,519

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	22	69,431,503	47,929,663	5,684,000	5,550,000
Cost of sales		(41,811,695)	(25,076,943)	-	-
Gross profit		27,619,808	22,852,720	5,684,000	5,550,000
Other income		416,161	486,923	1,849,636	311,453
Net gain on impairment of financial assets		-	-	1,702,162	724,622
Administrative expenses		(17,388,292)	(15,369,821)	(4,589,462)	(3,759,601)
Other expenses		(6,182,546)	(5,529,791)	(769,793)	(707,159)
Profit from operation		4,465,131	2,440,031	3,876,543	2,119,315
Finance costs	23	(1,223,338)	(755,199)	-	-
Profit before tax	24	3,241,793	1,684,832	3,876,543	2,119,315
Taxation	25	(1,219,474)	(1,167,448)	-	6,744
Profit for the financial year		2,022,319	517,384	3,876,543	2,126,059
Other comprehensive income, net of tax					
Item that will not be reclassified to profit or loss					
Revaluation of land and buildings		-	5,249,604	-	-
Item that is or may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		1,637	798	-	-
Other comprehensive income for the financial year, net of tax		1,637	5,250,402	-	-
Total comprehensive income for the financial year		2,023,956	5,767,786	3,876,543	2,126,059

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM**	**RM**	**RM**	**RM**
Profit for the financial year attributable to:					
Owners of the Company		2,025,131	520,155	3,876,543	2,126,059
Non-controlling interests		(2,812)	(2,771)	-	-
		2,022,319	517,384	3,876,543	2,126,059
Total comprehensive income attributable to:					
Owners of the Company		2,026,359	5,770,357	3,876,543	2,126,059
Non-controlling interests		(2,403)	(2,571)	-	-
		2,023,956	5,767,786	3,876,543	2,126,059
Earnings per share (sen)					
Basic earnings per share	26	3.50	0.90		
Diluted earnings per share	26	3.50	0.90		

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Attributable to the owners of the Company							
		Non-distributable				Distributable			
Group	**Note**	**Share capital RM**	**Treasury shares RM**	**Revaluation reserve RM**	**Foreign currency translation reserve RM**	**Accumulated losses RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 July 2022		68,022,580	(1,049,536)	12,986,310	(5,532)	(50,762,508)	29,191,314	(998,272)	28,193,042
Profit for the financial year		-	-	-	-	2,025,131	2,025,131	(2,812)	2,022,319
Exchange differences on translation of foreign operations		-	-	-	1,228	-	1,228	409	1,637
Total comprehensive income for the financial year		-	-	-	1,228	2,025,131	2,026,359	(2,403)	2,023,956
Transfer from revaluation reserve to retained earnings	15(a)	-	-	(229,788)	-	229,788	-	-	-
Transactions with owners:									
Dividends to owners of the Company	27	-	-	-	-	(1,013,341)	(1,013,341)	-	(1,013,341)
At 30 June 2023		68,022,580	(1,049,536)	12,756,522	(4,304)	(49,520,930)	30,204,332	(1,000,675)	29,203,657

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

		Attributable to the owners of the Company							
		Non-distributable				Distributable			
Group	**Note**	**Share capital RM**	**Treasury shares RM**	**Revaluation reserve RM**	**Foreign currency translation reserve RM**	**Accumulated losses RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 July 2021		68,022,580	(1,049,536)	7,945,935	(6,130)	(50,478,551)	24,434,298	(995,701)	23,438,597
Profit for the financial year		-	-	-	-	520,155	520,155	(2,771)	517,384
Revaluation of land and buildings		-	-	5,249,604	-	-	5,249,604	-	5,249,604
Exchange differences on translation of foreign operations		-	-	-	598	-	598	200	798
Total comprehensive income for the financial year		-	-	5,249,604	598	520,155	5,770,357	(2,571)	5,767,786
Transfer from revaluation reserve to retained earnings	15(a)	-	-	(209,229)	-	209,229	-	-	-
Transaction with owners: Dividends to owners of the Company	27	-	-	-	-	(1,013,341)	(1,013,341)	-	(1,013,341)
At 30 June 2022		68,022,580	(1,049,536)	12,986,310	(5,532)	(50,762,508)	29,191,314	(998,272)	28,193,042

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

		Attributable to owners of the Company			
		Non-distributable			
		Share capital	Treasury shares	Accumulated losses	Total equity
Company	**Note**	**RM**	**RM**	**RM**	**RM**
At 1 July 2022		68,022,580	(1,049,536)	(53,245,556)	13,727,488
Profit for the financial year, representing total comprehensive income for the financial year		-	-	3,876,543	3,876,543
Transactions with owners:					
Dividends to owners of the Company	27	-	-	(1,013,341)	(1,013,341)
At 30 June 2023		68,022,580	(1,049,536)	(50,382,354)	16,590,690
At 1 July 2021		68,022,580	(1,049,536)	(54,358,274)	12,614,770
Profit for the financial year, representing total comprehensive income for the financial year		-	-	2,126,059	2,126,059
Transactions with owners:					
Dividends to owners of the Company	27	-	-	(1,013,341)	(1,013,341)
At 30 June 2022		68,022,580	(1,049,536)	(53,245,556)	13,727,488

The accompanying notes form an integral part of the financial statements.

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Cash flows from operating activities				
Profit before tax	3,241,793	1,684,832	3,876,543	2,119,315
Adjustments for:				
Amortisation of intangible assets	249,414	166,276	-	-
Depreciation of:				
- property, plant and equipment	724,199	1,535,819	280,539	264,058
- right-of-use assets	2,079,529	1,671,974	-	-
Dividends income	-	-	(2,150,000)	(1,950,000)
Fair value (gain)/loss on other investments	(12,150)	17,550	-	-
Finance costs	1,223,338	755,199	-	-
Loss on disposal of:				
- property, plant and equipment	1	-	-	-
Interest income	(270,811)	(97,393)	(89,048)	(51,149)
Impairment losses on:				
- investment in subsidiary companies	-	-	100,000	100,000
- amount due from subsidiary companies	-	-	1,193,838	1,030,529
Reversal of impairment losses on:				
- amount due from subsidiary companies	-	-	(2,896,000)	(1,755,151)
- investment in subsidiary companies	-	-	(1,760,588)	-
Gain on termination of lease contract	-	(254)	-	-
Payables written back	-	(260,304)	-	(260,304)
Property, plant and equipment written off	-	892	-	887
Operating profit/(loss) before working capital changes	7,235,313	5,474,591	(1,444,716)	(501,815)
Change in working capital:				
Contract assets/liabilities	3,781,479	2,271,529	-	-
Receivables	3,090,593	(13,970,467)	(5,122)	(1,762)
Payables	4,802,979	1,810,145	326,247	96,116
Cash generated from/(used in) operations	18,910,364	(4,414,202)	(1,123,591)	(407,461)

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM**	**RM**	**RM**	**RM**
Cash flows from operating activities (Cont'd)					
Cash generated from/(used in) operations (Cont'd)		18,910,364	(4,414,202)	(1,123,591)	(407,461)
Interest paid		(1,223,338)	(755,199)	-	-
Interest received		270,811	97,393	89,048	51,149
Tax paid		(1,847,530)	(2,165,345)	(5,500)	(7,074)
Net cash from/(used in) operating activities		16,110,307	(7,237,353)	(1,040,043)	(363,386)
Cash flows from investing activities					
Acquisition of:					
- property, plant and equipment		(1,156,812)	(412,921)	(76,386)	(92,336)
- right-of-use assets	5(c)	(252,214)	(111,245)	-	-
- intangible assets		(343,000)	(180,000)	-	-
Dividends received		-	-	4,300,000	4,600,000
Proceeds from disposal of property, plant and equipment		3	1	-	1
Placement of fixed deposits pledged		(473,291)	(2,660)	-	-
Net cash (used in)/from investing activities		(2,225,314)	(706,825)	4,223,614	4,507,665

EDARAN BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Cash flows from financing activities					
Repayment to subsidiary companies		-	-	(1,979,676)	(3,120,485)
Dividends paid	27	(1,013,341)	(1,013,341)	(1,013,341)	(1,013,341)
Payment of lease liabilities	29	(1,291,808)	(1,278,489)	-	-
Proceeds from borrowings	29	1,301,735	913,925	-	-
Net cash used in financing activities		(1,003,414)	(1,377,905)	(2,993,017)	(4,133,826)
Net increase/(decrease) in cash and cash equivalents		12,881,579	(9,322,083)	190,554	10,453
Cash and cash equivalents at the beginning of the financial year		686,604	10,007,889	344,175	333,722
Effect of exchange translation differences		1,637	798	-	-
Cash and cash equivalents at the end of the financial year		13,569,820	686,604	534,729	344,175
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	13	10,262,845	2,030,217	471,839	282,495
Deposits with licensed banks	13	4,006,975	1,032,123	62,890	61,680
Bank overdraft	17	-	(2,149,027)	-	-
		14,269,820	913,313	534,729	344,175
Less: Deposits pledged with licensed banks	13	(700,000)	(226,709)	-	-
		13,569,820	686,604	534,729	344,175

The accompanying notes form an integral part of the financial statements.

1. Corporate Information

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

The registered office of the Company is located at No. 33-1, Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur.

The principal place of business of the Company is located at No. 2, Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur.

The Company is principally engaged in the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 7. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amendments standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts Cost of Fulfilling a Contract

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amendments standards (Cont'd)

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year: (Cont'd)

Annual Improvements to MFRS Standards 2018 - 2020

- Amendments to MFRS 1
- Amendments to MFRS 9
- Amendments to Illustrative Examples accompanying MFRS 16
- Amendments to MFRS 141

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Disclosures of Accounting Policies	1 January 2023
Amendments to MFRS 108	Disclosures of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company: (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new MFRSs and amendments to MFRSs when they become effective.

The initial applications of the above-mentioned new MFRSs and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

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

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have most significant effect on the amounts recognised in the financial statements:

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

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

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

Determining the lease term of contracts with renewal option - Group as lessee

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

The Group has a lease contract that include extension option. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for leases of buildings as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available.

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment and right-of-use ("ROU") asset

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU asset based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU asset would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU asset. The carrying amount at the reporting date for property, plant and equipment and ROU asset are disclosed in Notes 4 and 5 respectively.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of investment in subsidiary companies

The Company reviews its investment in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 7.

Product development costs

The Group capitalises product development costs for a project in accordance with the accounting policy as disclosed in Note 3(f)(i). Initial capitalisation of product development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. The carrying amount at the reporting date for product development costs is disclosed in Note 6.

Recoverability of product development costs

During the financial year, the Directors considered the recoverability of the Group's product development costs arising from its development of payment gateway applications.

Change of entity environment would cause the Directors to reconsider their assumptions regarding future market share and anticipated margins of this product. Detailed sensitivity analysis has been carried out and the Directors are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods, if market activity indicates that such adjustments are appropriate. The carrying amount at the reporting date for product development costs is disclosed in Note 6.

Amortisation of product development costs

Changes in the expected level of usage and technological development could impact the economic useful lives, therefore future amortisation charges could be revised. The carrying amount at the reporting date for product development costs is disclosed in Note 6.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences 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. The carrying value of recognised and unrecognised deferred tax assets is disclosed in Note 19.

Revenue from construction service contracts

Construction service contract revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the proportion of service contract costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total construction service costs of the contract.

The total estimated construction service contract costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of contract assets/liabilities related to the construction service contracts are disclosed in Note 9.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract due to discounts or penalties in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods and rendering of services are based on invoiced value. Discounts are not considered as they are only given in rare circumstances.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost

The Group reviews the recoverability of its receivables, include trade and other receivables, contract assets and amount due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions at the end of the reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 9, 10, 11 and 12 respectively.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 30 June 2023, the Group and the Company have tax recoverable and tax payable of RM30,973 and RM30,973 (2022: RM24,967 and RM24,967) and RM876,405 and RMNil (2022: RM1,432,575 and RMNil) respectively.

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basic of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

3. Significant Accounting Policies (Cont'd)

(a) Basic of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) on impairment of non-financial assets.

(ii) Non-controlling interests

Non-controlling interests at the reporting period, being the portion of the net assets of subsidiary companies to equity interests that are not owned by the Company whether directly or indirectly through subsidiary companies, are presented in the consolidated statement of financial position and statement of changes in equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between the non-controlling interests and the equity shareholders of the Company.

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

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gain or losses on disposals to non-controlling interests are also recorded in equity.

3. Significant Accounting Policies (Cont'd)

(a) Basic of consolidation (Cont'd)

(iii) Loss of control

Upon the loses control of a subsidiary company, the Group derecognised the assets and liabilities of the former subsidiary company, including any goodwill, and non-controlling interests and other components of equity related to the former subsidiary company 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 company, then such interest is remeasured 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.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m)(i) on impairment of non-financial assets.

(b) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Significant Accounting Policies (Cont'd)

(b) Foreign currency translation (Cont'd)

(i) Foreign currency transactions and balances (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are recognised in profit or loss in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control and significant influence is lost, the cumulative amount in the FCTR related to that foreign operation reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) on impairment of non-financial assets.

(i) Recognition and measurement

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

The cost of property, 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 exchange on the date of valuation between a willing buyer and a willing seller 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 significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the buildings at the end of the reporting period.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	2%
Renovations	5% - 20%
Motor vehicles	20%
Office equipment	20% - 50%
Furniture and fittings	20%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

3. Significant Accounting Policies (Cont'd)

(d) Leases

(a) As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU 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 of dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) on impairment of non-financial assets.

Land is measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land is recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

The ROU asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land	Over the remaining lease period
Office buildings	Over the remaining lease period
Motor vehicles	20%
Office equipment	20%
Computers for hire	33%

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

(a) As lessee (Cont'd)

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

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

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

Lease payments associated with short-term leases and leases of low value assets are recognised as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

The Group applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value.

(b) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

(b) As lessor (Cont'd)

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised as revenue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Intangible assets

(i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the assets;
- how the asset will generate future economic benefits;
- availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. Significant Accounting Policies (Cont'd)

(e) Intangible assets (Cont'd)

(ii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(m)(i) on impairment of non-financial assets for intangible assets.

(f) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

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

3. Significant Accounting Policies (Cont'd)

(f) Financial assets (Cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and are not reclassified subsequent to their initial recognition unless the Group and the Company change their 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 in the business model.

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Financial assets at fair value through other comprehensive income

(a) Debt instruments

A debt security is measured at fair value through other comprehensive income ("FVTOCI") if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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.

(b) Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

3. Significant Accounting Policies (Cont'd)

(f) Financial assets (Cont'd)

(ii) Financial assets at fair value through other comprehensive income (Cont'd)

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Group and the Company have not designated any financial assets as FVTOCI.

(iii) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

3. Significant Accounting Policies (Cont'd)

(g) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(i) 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 when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers.*

3. Significant Accounting Policies (Cont'd)

(j) Construction service contracts

Construction service contracts are contract specifically negotiated for the provisioning, installation, commissioning, integration and maintenance of information technology products and related services and provisioning of technology for the smart technology industry and for the integrated data centre.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the construction service contract costs incurred for work performed up to the end of the reporting period as a percentage of total estimated costs for each construction service contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

When costs incurred on construction service contracts plus recognised profits (less recognised losses) exceed billings to contract customers, the balance is shown as contract assets. When billings to contract customers exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as contract liabilities.

(k) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

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

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers. Contract assets are subject to impairment assessment in accordance of MFRS 9 *Financial Instruments.*

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billing to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

3. Significant Accounting Policies (Cont'd)

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdraft and pledged deposits, if any.

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax assets and contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, 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

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

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. 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.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

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 exits. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(n) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

3. Significant Accounting Policies (Cont'd)

(n) Share capital (Cont'd)

(ii) Treasury shares

When issued shares of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration, net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(o) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is recognised in the profit or loss net of any reimbursement.

(p) Employee benefits

(i) Short-term employee benefits

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

3. Significant Accounting Policies (Cont'd)

(p) Employee benefits (Cont'd)

(i) Short-term employee benefits (Cont'd)

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

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

<u>Revenue from construction service contracts</u>

The Group recognises revenue from construction service contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to-date. Revenue from construction service contracts is measured at the transaction price agreed under the construction service contracts.

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction service contract i.e. based on the proportion of construction service contract costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of the construction service contract.

3. Significant Accounting Policies (Cont'd)

(q) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

Revenue from construction service contracts (Cont'd)

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to-date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risks and rewards of ownership of the goods have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

3. Significant Accounting Policies (Cont'd)

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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.

(s) Income taxes

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

3. Significant Accounting Policies (Cont'd)

(s) Income taxes (Cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax 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 it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. Property, Plant and Equipment

	At valuation	At cost				
	Buildings RM	Renovations RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Total RM
Group						
2023						
Cost/Valuation						
At 1 July 2022	7,130,000	5,774,349	799,610	4,773,662	302,021	18,779,642
Additions	-	380,655	2,539	372,867	400,751	1,156,812
Transfer from right-of-use assets	-	-	-	323,001	-	323,001
Disposals	-	-	-	(6,256)	-	(6,256)
At 30 June 2023	7,130,000	6,155,004	802,149	5,463,274	702,772	20,253,199
Accumulated depreciation						
At 1 July 2022	106,951	3,707,623	798,368	4,460,751	166,969	9,240,662
Charge for the financial year	142,600	308,568	825	197,505	74,701	724,199
Transfer from right-of-use assets	-	-	-	323,001	-	323,001
Disposals	-	-	-	(6,252)	-	(6,252)
At 30 June 2023	249,551	4,016,191	799,193	4,975,005	241,670	10,281,610
Carrying amount						
At 30 June 2023	6,880,449	2,138,813	2,956	488,269	461,102	9,971,589

3. Property, Plant and Equipment (Cont'd)

	At valuation	At cost				
	Buildings RM	Renovations RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Total RM
Group						
2022						
Cost/Valuation						
At 1 July 2021	6,750,000	5,615,951	799,610	4,603,013	255,455	18,024,029
Additions	-	158,398	-	207,957	46,566	412,921
Disposals	-	-	-	(1,000)	-	(1,000)
Written off	-	-	-	(36,308)	-	(36,308)
Increase resulting from revaluation	1,055,000	-	-	-	-	1,055,000
Elimination of accumulated depreciation on revaluation	(675,000)	-	-	-	-	(675,000)
At 30 June 2022	7,130,000	5,774,349	799,610	4,773,662	302,021	18,779,642
Accumulated depreciation						
At 1 July 2021	641,251	3,459,841	797,966	3,384,676	132,524	8,416,258
Charge for the financial year	140,700	247,782	402	1,112,490	34,445	1,535,819
Disposals	-	-	-	(999)	-	(999)
Written off	-	-	-	(35,416)	-	(35,416)
Elimination of accumulated depreciation on revaluation	(675,000)	-	-	-	-	(675,000)
At 30 June 2022	106,951	3,707,623	798,368	4,460,751	166,969	9,240,662
Carrying amount						
At 30 June 2022	7,023,049	2,066,726	1,242	312,911	135,052	9,538,980

4. Property, Plant and Equipment (Cont'd)

	Renovations RM	Office equipment RM	Furniture and fittings RM	Total RM
Company				
2023				
Cost				
At 1 July 2022	4,727,518	283,489	133,686	5,144,693
Additions	32,400	15,646	28,340	76,386
At 30 June 2023	4,759,918	299,135	162,026	5,221,079
Accumulated depreciation				
At 1 July 2022	2,828,472	203,451	115,779	3,147,702
Charge for the financial year	243,230	27,257	10,052	280,539
At 30 June 2023	3,071,702	230,708	125,831	3,428,241
Carrying amount				
At 30 June 2023	1,688,216	68,427	36,195	1,792,838
2022				
Cost				
At 1 July 2021	4,697,800	240,170	133,686	5,071,656
Additions	29,718	62,618	-	92,336
Disposals	-	(1,000)	-	(1,000)
Written off	-	(18,299)	-	(18,299)
At 30 June 2022	4,727,518	283,489	133,686	5,144,693
Accumulated depreciation				
At 1 July 2021	2,593,690	201,694	106,671	2,902,055
Charge for the financial year	234,782	20,168	9,108	264,058
Disposals	-	(999)	-	(999)
Written off	-	(17,412)	-	(17,412)
At 30 June 2022	2,828,472	203,451	115,779	3,147,702
Carrying amount				
At 30 June 2022	1,899,046	80,038	17,907	1,996,991

4. Property, Plant and Equipment (Cont'd)

(a) Assets pledged as securities to licensed banks

The net carrying amount of buildings of the Group pledged as securities for bank borrowings as disclosed in Note 17 amounted to RM6,880,449 (2022: RM7,023,049).

(b) Revaluation of buildings

Buildings of the Group were revalued on 30 September 2021, by Messrs. IM Global Property Consultants Sdn. Bhd., an independent professional valuer.

The fair value of buildings is within level 2 of the fair value hierarchy. The fair value was determined based on comparison method of valuation by using the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, improvements made if any, surrounding developments, facilities and amenities available.

There was no transfer between level 1 and level 2 during the financial year.

Had the buildings been carried at historical cost less accumulated depreciation and impairment loss, the carrying amount would have been RM1,374,793 (2022: RM1,435,300).

5. Right-of-use Assets

	At valuation	At cost				
	Leasehold land RM	Office buildings RM	Motor vehicles RM	Office equipment RM	Computers for hire RM	Total RM
Group						
2023						
Cost/Valuation						
At 1 July 2022	19,160,000	53,747	1,933,565	1,853,740	3,092,569	26,093,621
Additions	-	61,571	-	-	1,807,643	1,869,214
Transfer to property, plant and equipment	-	-	-	(323,001)	-	(323,001)
Expired of lease contracts	-	(53,747)	-	-	-	(53,747)
At 30 June 2023	19,160,000	61,571	1,933,565	1,530,739	4,900,212	27,586,087
Accumulated depreciation						
At 1 July 2022	224,531	35,933	1,234,123	986,662	1,308,489	3,789,738
Charge for the financial year	299,375	30,641	337,647	480,157	931,709	2,079,529
Transfer to property, plant and equipment	-	-	-	(323,001)	-	(323,001)
Expired of lease contracts	-	(53,747)	-	-	-	(53,747)
At 30 June 2023	523,906	12,827	1,571,770	1,143,818	2,240,198	5,492,519
Carrying amount						
At 30 June 2023	18,636,094	48,744	361,795	386,921	2,660,014	22,093,568

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

	At valuation	At cost				
	Leasehold land RM	Office buildings RM	Motor vehicles RM	Office equipment RM	Computers for hire RM	Total RM
Group						
2022						
Cost/Valuation						
At 1 July 2021	14,350,000	76,543	1,471,708	1,254,952	3,092,569	20,245,772
Additions	-	-	461,857	598,788	-	1,060,645
Increase resulting from revaluation	5,852,373	-	-	-	-	5,852,373
Elimination of accumulated depreciation on revaluation	(1,042,373)	-	-	-	-	(1,042,373)
Termination of lease contracts	-	(22,796)	-	-	-	(22,796)
At 30 June 2022	19,160,000	53,747	1,933,565	1,853,740	3,092,569	26,093,621
Accumulated depreciation						
At 1 July 2021	990,252	23,308	932,083	609,517	620,175	3,175,335
Charge for the financial year	276,652	27,823	302,040	377,145	688,314	1,671,974
Elimination of accumulated depreciation on revaluation	(1,042,373)	-	-	-	-	(1,042,373)
Termination of lease contracts	-	(15,198)	-	-	-	(15,198)
At 30 June 2022	224,531	35,933	1,234,123	986,662	1,308,489	3,789,738
Carrying amount						
At 30 June 2022	18,935,469	17,814	699,442	867,078	1,784,080	22,303,883

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

(a) Assets pledged as securities to licensed banks

The net carrying amount of leasehold land of the Group pledged as securities for bank borrowings as disclosed in Note 17 amounted to RM18,636,094 (2022: RM18,935,469).

(b) Assets held under lease contracts

Included in the above, the motor vehicles, office equipment and computers for hire of the Group pledged as securities for the related lease liabilities.

(c) Acquisition of right-of-use assets

The aggregate costs for the right-of-use assets of the Group during the financial year under leases and cash payments are as follows:

	Group	
	2023	**2022**
	RM	**RM**
Aggregate costs	1,869,214	1,060,645
Less: Lease liabilities	(1,617,000)	(949,400)
Cash payments	252,214	111,245

(d) Revaluation of leasehold land

Leasehold land of the Group was revalued on 30 September 2021, by Messrs. IM Global Property Consultants Sdn. Bhd., an independent professional valuer.

The fair value of leasehold land is within level 2 of the fair value hierarchy. The fair value was determined based on comparison method of valuation by using the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, improvements made if any, surrounding developments, facilities and amenities available.

There was no transfer between level 1 and level 2 during the financial year.

Had the leasehold land been carried at historical costs less accumulated depreciation and impairment loss, the carrying amount would have been RM5,551,618 (2022: RM5,641,125).

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

(e) Leasehold land

The remaining lease term of leasehold land is 62 years (2022: 63 years). There are no lease liabilities associated with this leasehold land as the payment were prepaid at inception.

6. Intangible Assets

	Goodwill RM	Trademark RM	Product development costs RM	Total RM
Group				
2023				
Cost				
At 1 July 2022	1,000	1,970	793,959	796,929
Additions	-	-	343,000	343,000
At 30 June 2023	1,000	1,970	1,136,959	1,139,929
Accumulated impairment loss				
At 1 July 2022/ At 30 June 2023	1,000	-	-	1,000
Accumulated amortisation loss				
At 1 July 2022	-	-	166,276	166,276
Amortisation for the financial year	-	-	249,414	249,414
At 30 June 2023	-	-	415,690	415,690
Carrying amount				
At 30 June 2023	-	1,970	721,269	723,239

6. Intangible Assets (Cont'd)

	Goodwill RM	Trademark RM	Product development costs RM	Total RM
Group				
2022				
Cost				
At 1 July 2021	1,000	1,970	613,959	616,929
Additions	-	-	180,000	180,000
At 30 June 2022	1,000	1,970	793,959	796,929
Accumulated impairment loss				
At 1 July 2021/ At 30 June 2022	1,000	-	-	1,000
Accumulated amortisation loss				
At 1 July 2021	-	-	-	-
Amortisation for the financial year	-	-	166,276	166,276
At 30 June 2022	-	-	166,276	166,276
Carrying amount				
At 30 June 2022	-	1,970	627,683	629,653

(a) Description of trademark and product development costs

Trademark is related to the Group's right of the payment gateway applications and product development costs are related to the development of payment gateway applications.

Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(b) The Group reviews the carrying amounts of product development costs at the end of each reporting period to determine whether there is any indication of impairment. If any such indications exist, the recoverable amount of the cash-generating units ("CGU") is determined based on its value in use. The value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the CGU based on the financial budgets prepared by the management covering a period of five (5) years.

6. Intangible Assets (Cont'd)

(b) The key assumptions used in the value in use calculations are as follows:

(i) The anticipated average annual revenue growth rates used in the cash flows budgets and plans of CGU at 5% per annum from years 2024 to 2028.

(ii) Profit margins were projected based on pre-determined profit margin for the products.

(iii) A pre-tax discount rate of 6.25% per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital plus a reasonable risk premium.

Based on the assessment, the management are of the view that no impairment loss is required as the recoverable amount of the CGU is higher than its carrying amount as at 30 June 2023.

(c) Sensitivity to changes in assumptions

The management believes that there is no reasonable possible change in any key assumption that would cause the CGU carrying amount to exceed its recoverable amount.

7. Investment in Subsidiary Companies

	Company	
	2023	**2022**
	RM	**RM**
At cost		
In Malaysia:		
Unquoted shares	56,784,206	56,784,206
Less: Accumulated impairment losses	(15,100,390)	(16,760,978)
	41,683,816	40,023,228

Movements in the allowance for impairment losses are as follows:

	Company	
	2023	**2022**
	RM	**RM**
At 1 July	16,760,978	16,660,978
Charge for the financial year	100,000	100,000
Reversal of impairment losses	(1,760,588)	-
At 30 June	15,100,390	16,760,978

7. Investment in Subsidiary Companies (Cont'd)

During the financial year, the Company has carried out a review of the recoverable amounts of its investment in certain subsidiary companies that had been persistently making losses. An impairment loss amounting to RM100,000 was recognised during the financial year.

The impairment loss was recognised in other expenses in the statements of profit or loss and other comprehensive income.

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%) 2023	2022	Principal activities
Edaran IT Services Sdn. Bhd.	Malaysia	100	100	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services
Edaran Lifestyle Sdn. Bhd.	Malaysia	100	100	Event management and special interest project
Edar Life Sdn. Bhd. (Formerly known as Edaran Lifestyle Trading Services Sdn. Bhd.)	Malaysia	20	20	Provisioning of trading services, consultancy and distribution of frozen halal meats
Edaran Lifestyle Maintenance Services Sdn. Bhd.	Malaysia	100	100	Dormant
SIDIC Technology Sdn. Bhd.	Malaysia	100	100	Smart technology, applications and solutions provider
MIDC Technology Sdn. Bhd.	Malaysia	100	100	Information technology, application development and solution provider
Elitemac Resources Sdn. Bhd.	Malaysia	100	100	Investment holding and provisioning of network facilities and services

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest (%) 2023	2022	Principal activities
Held through Edaran IT Services Sdn. Bhd.				
Edaran Trade Network Sdn. Bhd.	Malaysia	100	100	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services
Edar Life Sdn. Bhd. (Formerly known as Edaran Lifestyle Trading Services Sdn. Bhd.)	Malaysia	80	80	Provisioning of trading services, consultancy and distribution of frozen halal meats
Shinba-Edaran Sdn. Bhd. *	Brunei	75	75	Information technology provider
Held through Elitemac Resources Sdn. Bhd.				
Edaran Communications Sdn. Bhd.	Malaysia	100	100	Provisioning, installation, commissioning and maintenance of power supply equipment for the telecommunication system

* *Subsidiary company not audited by TGS TW PLT*

7. Investment in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary company

Set out below are the Group's subsidiary company that has material non-controlling interests:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests 2023 %	2022 %	Loss allocated to non-controlling interests 2023 RM	2022 RM	Accumulated non-controlling interests 2023 RM	2022 RM
Shinba-Edaran Sdn. Bhd.	25	25	(2,403)	(2,571)	(1,000,675)	(998,272)

Summarised financial information for the subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

Summarised statements of financial position

	2023 RM	2022 RM
Shinba-Edaran Sdn. Bhd.		
Current assets	21,738	25,145
Non-current liabilities	(5,868,433)	(5,868,433)
Current liabilities	(11,729)	(5,525)
Net liabilities	(5,858,424)	(5,848,813)

Summarised statements of profit or loss and other comprehensive income

	2023 RM	2022 RM
Shinba-Edaran Sdn. Bhd.		
Loss for the financial year	(11,248)	(11,085)
Other comprehensive income for the financial year	1,637	798
Total comprehensive loss for the financial year	(9,611)	(10,287)

7. Investment in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary company (Cont'd)

Set out below are the Group's subsidiary company that has material non-controlling interests: (Cont'd)

Summarised statements of cash flows

	2023 RM	2022 RM
Shinba-Edaran Sdn. Bhd.		
Net cash used in operating activities	(8,453)	(7,569)
Net decrease in cash and cash equivalents	(8,453)	(7,569)

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

8. Other Investments

	Group	
	2023 RM	2022 RM
Non-current		
At fair value through profit or loss		
Quoted shares in Malaysia		
- Held for trading securities	22,500	10,350
At fair value through other comprehensive income		
Unquoted shares outside Malaysia	14,356,937	14,356,937
Less: Accumulated impairment loss	(14,356,937)	(14,356,937)
	-	-
	22,500	10,350

The Group treated its interest in PT Linewin as simple investment as the Group considers that it does not have the power to exercise significant influence over PT Linewin.

9. Contract Assets/(Liabilities)

	Group 2023 RM	Group 2022 RM
Current		
Contract liabilities		
Construction service contracts	(5,448,199)	(1,666,720)
At the end of financial year:		
Contract assets	13,301	189,564
Contract liabilities	(5,461,500)	(1,856,284)
	(5,448,199)	(1,666,720)

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its construction service contracts. The contract assets will be transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customer for construction service contracts, which revenue is recognised over the services period within 12 months period.

	Group 2023 RM	Group 2022 RM
Construction service contracts		
At 1 July	(1,666,720)	604,809
Revenue recognised during the financial year	67,761,796	47,828,347
Less: Progress billing during the financial year	(71,543,275)	(50,099,876)
At 30 June	(5,448,199)	(1,666,720)
Presented as:		
Contract assets	13,301	189,564
Contract liabilities	(5,461,500)	(1,856,284)
	(5,448,199)	(1,666,720)

The costs incurred to-date include the following charges made during the financial year:

	Group 2023 RM	Group 2022 RM
Depreciation of right-of-use assets	931,709	688,314

10. Trade Receivables

	Group	
	2023	**2022**
	RM	**RM**
Trade receivables	18,307,302	21,162,338

Trade receivables are non-interest bearing and generally on 30 to 90 days (2022: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

During the financial year, out of the total amount of RM18,307,302 in trade receivables as at 30 June 2023, the Group has received subsequent payment up to the end of September 2023 amounting to RM18,182,028 or 99.3%.

In the previous financial year, out of total amount of RM21,162,338 in trade receivables as at 30 June 2022, the Group has received subsequent payment in the month of July 2022 and August 2022 amounting to RM21,054,897 or 99.5%.

The following table provide information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature:

	Group	
	2023	**2022**
	RM	**RM**
Not past due	12,034,664	7,385,429
Past due:		
Less than 30 days	5,844,663	3,749,298
31 to 60 days	381,648	6,814,575
61 to 90 days	59,628	3,402,600
	18,320,603	21,351,902
Trade receivables	18,307,302	21,162,338
Contract assets (Note 9)	13,301	189,564
	18,320,603	21,351,902

11. Other Receivables

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Other receivables	5,378	6,277	-	-
Deposits	291,012	268,346	55,328	54,633
Prepayments	51,552	308,876	17,952	13,525
	347,942	583,499	73,280	68,158

12. Amount Due From/(To) Subsidiary Companies

	Company 2023 RM	Company 2022 RM
Amount due from subsidiary companies		
Non-trade related		
Interest bearing	2,715,714	1,715,714
Non-interest bearing	18,140,191	20,824,353
Less: Accumulated impairment losses	(20,837,905)	(22,540,067)
	18,000	-
Amount due to subsidiary companies		
Non-trade related		
Non-interest bearing	(27,037,775)	(30,701,613)

Movements in the allowance for impairment losses are as follows:

	Company 2023 RM	Company 2022 RM
At 1 July	22,540,067	23,264,689
Charge for the financial year	1,193,838	1,030,529
Reversal of impairment losses	(2,896,000)	(1,755,151)
At 30 June	20,837,905	22,540,067

Certain amount due from a subsidiary company bear interest at 4% (2022: 4%) per annum are unsecured and repayable on demand.

Amount due from/(to) subsidiary companies with non-interest bearing are unsecured and repayable on demand.

13. Deposits, Bank and Cash Balances

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	10,262,845	2,030,217	471,839	282,495
Deposits with licensed banks	4,006,975	1,032,123	62,890	61,680
Total cash and bank balances	14,269,820	3,062,340	534,729	344,175
Less: Deposits pledged with licensed banks	(700,000)	(226,709)	-	-
Total cash and cash equivalents	13,569,820	2,835,631	534,729	344,175

Deposits with licensed banks of the Group amounting to RM700,000 (2022: RM226,709) are pledged as securities for bank borrowings as disclosed in Note 17.

The effective interest rates and maturities of deposits with licensed banks of the Group as at the end of the reporting period are ranged from 2.15% to 4.10% (2022: 1.50% to 4.10%) per annum and overnight to 12 months (2022: 12 months) respectively.

14. Share Capital

	Group and Company			
	Number of shares		Amount	
	2023	2022	2023	2022
	Units	Units	RM	RM
Issued and fully paid:				
Ordinary shares				
At 1 July/At 30 June	60,000,000	60,000,000	68,022,580	68,022,580

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. Reserves

The nature of reserves of the Group are as follows:

(a) Revaluation reserve

	Group	
	2023	2022
	RM	RM
At 1 July	12,986,310	7,945,935
Revaluation of land and buildings	-	5,249,604
Crystallisation of revaluation reserve to retained earnings	(229,788)	(209,229)
At 30 June	12,756,522	12,986,310

The revaluation reserve represents increases in the fair value of land and buildings, and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(b) Foreign currency translation reserve

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

16. Treasury Shares

The number of treasury shares held by the Company as at 30 June 2023 was 2,094,800 (2022: 2,094,800). The Company did not repurchase any of its own shares during the current and previous financial year.

None of the treasury shares were resold or cancelled during the current and previous financial year. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 in Malaysia.

As at 30 June 2023, the number of the Company's shares in issue after deducting treasury shares is 57,905,200 (2022: 57,905,200).

17. Loans and Borrowings

	Group 2023 RM	Group 2022 RM
Secured		
Term loans	5,270,551	4,676,816
Bank overdraft	-	2,149,027
Bankers' acceptance	1,708,000	1,000,000
	6,978,551	7,825,843
Non-current		
Term loans	5,035,333	4,408,127
Current		
Term loans	235,218	268,689
Bank overdraft	-	2,149,027
Bankers' acceptance	1,708,000	1,000,000
	1,943,218	3,417,716
	6,978,551	7,825,843

The term loans, bank overdraft and bankers' acceptance are secured by the following:

(i) Legal charge over leasehold land and buildings of the Group as disclosed in Notes 4 and 5 respectively;

(ii) Certain fixed deposits of the Group as disclosed in Note 13;

(iii) Corporate guarantee by the Company.

The effective interest rates per annum are as follows:

	Group 2023 %	Group 2022 %
Term loans	4.74 - 6.35	6.25
Bank overdraft	-	7.40
Bankers' acceptance	4.59	3.46

18. Lease Liabilities

	Group 2023 RM	Group 2022 RM
Non-current	2,028,258	1,872,950
Current	1,186,175	1,016,291
	3,214,433	2,889,241

The maturity analysis of lease liabilities at the end of the reporting period:

	Group 2023 RM	Group 2022 RM
Within 1 year	1,347,759	1,160,444
Between 1 to 2 years	1,842,087	1,604,571
Between 2 to 5 years	308,442	412,540
	3,498,288	3,177,555
Less: Future finance charges	(283,855)	(288,314)
Present value of lease liabilities	3,214,433	2,889,241

The Group leases various office buildings, motor vehicles, office equipment and computers for hire. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The average effective interest rates per annum at the end of the reporting period for lease liabilities is ranging from 2.10% to 3.60% (2022: 2.10% to 3.60%).

19. Deferred Tax Liabilities

	Group 2023 RM	Group 2022 RM
At 1 July	4,153,718	2,555,336
Recognised in profit or loss		
- Relating to crystallisation of deferred tax liabilities on revaluation reserve	(65,880)	(59,386)
Relating to revaluation of land and buildings	-	1,657,768
At 30 June	4,087,838	4,153,718

19. Deferred Tax Liabilities (Cont'd)

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Deferred tax liabilities	4,135,770	4,211,734	18,917	12,917
Deferred tax assets	(47,932)	(58,016)	(18,917)	(12,917)
	4,087,838	4,153,718	-	-

The components and movements of deferred tax liabilities and assets are as follows:

Group	Accelerated capital allowances RM	Revaluation of assets RM	Total RM
Deferred tax liabilities			
2023			
At 1 July 2022	58,016	4,153,718	4,211,734
Recognised in profit or loss	9,083	(65,880)	(56,797)
Over provision in prior years	(19,167)	-	(19,167)
At 30 June 2023	47,932	4,087,838	4,135,770
2022			
At 1 July 2021	262,229	2,555,336	2,817,565
Recognised in profit or loss	(19,701)	(59,386)	(79,087)
Over provision in prior years	(184,512)	-	(184,512)
Relating to revaluation of land and buildings	-	1,657,768	1,657,768
At 30 June 2022	58,016	4,153,718	4,211,734

19. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows: (Cont'd)

	Unutilised capital allowances RM	Others RM	Total RM
Group			
Deferred tax assets			
2023			
At 1 July 2022	(12,917)	(45,099)	(58,016)
Recognised in profit or loss	1,006	(10,089)	(9,083)
(Under)/Over provision in prior years	(7,006)	26,173	19,167
At 30 June 2023	(18,917)	(29,015)	(47,932)
2022			
At 1 July 2021	(6,808)	(255,421)	(262,229)
Recognised in profit or loss	(2,450)	22,151	19,701
(Under)/Over provision in prior years	(3,659)	188,171	184,512
At 30 June 2022	(12,917)	(45,099)	(58,016)

	Accelerated capital allowances RM
Company	
Deferred tax liabilities	
2023	
At 1 July 2022	12,917
Recognised in profit or loss	(1,006)
Under provision in prior years	7,006
At 30 June 2023	18,917
2022	
At 1 July 2021	6,808
Recognised in profit or loss	2,450
Under provision in prior years	3,659
At 30 June 2022	12,917

19. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows: (Cont'd)

	Unutilised capital allowances RM
Company	
Deferred tax assets	
2023	
At 1 July 2022	(12,917)
Recognised in profit or loss	1,006
Under provision in prior years	(7,006)
At 30 June 2023	(18,917)
2022	
At 1 July 2021	(6,808)
Recognised in profit or loss	(2,450)
Under provision in prior years	(3,659)
At 30 June 2022	(12,917)

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

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Unutilised business losses	35,357,328	35,694,011	11,966,373	10,819,347
Unutilised capital allowances	6,297,757	5,565,512	2,329,553	2,287,243
Other deductible temporary differences	19,349,875	19,050,384	-	-
	61,004,960	60,309,907	14,295,926	13,106,590

In accordance with the provision of Financial Act 2018, the unutilised business losses could be carried forward for a maximum of seven consecutive years of assessment. Any balance of the unutilised business losses at the end of the seventh year shall be disregarded.

The Finance Act 2021 stated that the time frame to carry forward unutilised business losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. The other temporary differences do not expire under current tax legislation.

19. Deferred Tax Liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

20. Trade Payables

	Group	
	2023	2022
	RM	RM
Trade payables	8,308,262	5,396,524

Credit terms of trade payables of the Group ranged from 30 to 90 days (2022: 30 to 90 days) depending on the terms of the contracts.

21. Other Payables

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other payables	1,852,840	1,172,917	-	25,080
Deposits	65,000	60,800	-	-
Accruals	5,731,748	4,524,630	505,171	153,338
	7,649,588	5,758,347	505,171	178,418

Included in accruals of the Group is an amount of RM3,232,259 (2022: RM2,364,127) related to provision of contract costs payable to sub-contractors.

Included in other payables of the Group is an amount of RM1,713,960 (2022: RM1,019,010) related to sales and services tax payable.

22. Revenue

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue from contracts with customers:				
Construction service contract revenue	67,761,796	47,828,347	-	-
Management fee	-	-	3,534,000	3,600,000
Trading revenue	1,544,540	88,789	-	-
Rendering of services	125,167	12,527	-	-
	69,431,503	47,929,663	3,534,000	3,600,000
Other revenue:				
Dividends income	-	-	2,150,000	1,950,000
	69,431,503	47,929,663	5,684,000	5,550,000

Breakdown of the Group's revenue from contracts with customers:

	Information technology and services/Lifestyle	
	2023	2022
	RM	RM
Major goods and services:		
Construction service contract revenue	67,761,796	47,828,347
Trading revenue	1,544,540	88,789
Rendering of services	125,167	12,527
Total revenue from contract with customers	69,431,503	47,929,663
Geographical market:		
Malaysia	69,431,503	47,929,663

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Timing of revenue recognition:				
At a point in time	1,669,707	101,316	-	-
Over time	67,761,796	47,828,347	3,534,000	3,600,000
	69,431,503	47,929,663	3,534,000	3,600,000

23. Finance Costs

	Group	
	2023	2022
	RM	RM
Interest expenses on:		
Bank overdraft	60,581	22,967
Bankers' acceptance	46,245	7,550
Lease liabilities	225,523	179,446
Term loans	890,989	545,236
	1,223,338	755,199

24. Profit before Tax

Profit before tax is derived after charging/(crediting) amongst other, the following items:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audits	90,125	86,804	40,000	40,000
- non-audit services	7,000	7,000	7,000	7,000
Amortisation of intangible assets	249,414	166,276	-	-
Depreciation of property, plant and equipment	724,199	1,535,819	280,539	264,058
Depreciation of right-of-use assets	2,079,529	1,671,974	-	-
Fair value (gain)/loss on other investments	(12,150)	17,550	-	-
Interest income	(270,811)	(97,393)	(89,048)	(51,149)
Impairment losses on investment in subsidiary companies	-	-	100,000	100,000
Reversal of impairment losses on investment in subsidiary companies	-	-	(1,760,588)	-
Non-executive Directors' remuneration:				
- fees	818,790	362,500	728,790	272,500
- other emoluments	129,000	212,000	129,000	212,000

24. Profit before Tax (Cont'd)

Profit before tax is derived after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Payables written back	-	(260,304)	-	(260,304)
Property, plant and equipment written off	-	892	-	887
Rental income	(133,200)	(124,740)	-	-
Lease expenses relating to short-term leases (a)	96,566	42,671	-	-
Lease expenses relating to low-value assets (a)	144,529	141,258	30,144	29,850
Loss on disposal of property, plant and equipment	1	-	-	-
Gain on termination of lease contract	-	(254)	-	-
Net loss/(gain) on impairment of financial assets:				
- Impairment losses on amount due from subsidiary companies	-	-	1,193,838	1,030,529
- Reversal of impairment losses on amount due from subsidary companies	-	-	(2,896,000)	(1,755,151)

(a) The Group leases a number of premises and equipment with contract terms of not more than one year. These leases are short-term term and leases of low value items. The Group or the Company has elected to apply the recognition exemption under MFRS 16 *Leases*.

25. Taxation

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Tax expenses recognised in profit or loss				
Current tax				
- Current year	1,277,006	1,106,006	6,006	6,006
- Under/(Over) provision in prior years	8,348	120,828	(6,006)	(12,750)
	1,285,354	1,226,834	-	(6,744)
Deferred tax				
- Relating to crystallisation of deferred tax liabilities on revaluation reserve	(65,880)	(59,386)	-	-
	1,219,474	1,167,448	-	(6,744)

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

25. Taxation (Cont'd)

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Profit before tax	3,241,793	1,684,832	3,876,543	2,119,315
At Malaysian statutory tax rate of 24% (2022: 24%)	778,030	404,360	930,370	508,636
Expenses not deductible for tax purposes	337,976	368,444	423,776	377,964
Income not subject to tax	(5,813)	(61,641)	(1,633,581)	(950,373)
Deferred tax assets not recognised	720,719	808,735	285,441	26,330
Claiming adjusted loss surrender to subsidiary companies	-	-	-	43,449
Utilisation of previously unrecognised deferred tax assets	(553,906)	(413,892)	-	-
Relating to crystallisation of deferred tax liabilities on revaluation reserve	(65,880)	(59,386)	-	-
	1,211,126	1,046,620	6,006	6,006
Under/(Over) provision of current tax in prior years	8,348	120,828	(6,006)	(12,750)
	1,219,474	1,167,448	-	(6,744)

25. Taxation (Cont'd)

The Group and the Company have estimated unutilised business losses and unutilised capital allowances available to carry forward to offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Unutilised business losses	35,357,328	35,694,011	11,966,373	10,819,347
Unutilised capital allowances	6,376,587	5,648,524	2,408,374	2,370,255
	41,733,915	41,342,535	14,374,747	13,189,602

26. Earnings Per Share

(a) Basic earning per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the Company and weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2023	2022
	RM	RM
Profit attributable to owners of the Company	2,025,131	520,155
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 July	60,000,000	60,000,000
Effect of treasury shares held	(2,094,800)	(2,094,800)
Weighted average number of ordinary shares at 30 June	57,905,200	57,905,200
Basic earnings per ordinary share (in sen)	3.50	0.90

(b) Diluted earnings per share

The Group has no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

27. Dividends

	Group and Company 2023 RM	Group and Company 2022 RM
Dividends recognised as distribution to ordinary shareholders of the Company:		
Interim single-tier dividend of 1.75 sen per ordinary share in respect of the financial year ended 30 June 2023	1,013,341	-
Interim single-tier dividend of 1.75 sen per ordinary share in respect of the financial year ended 30 June 2022	-	1,013,341
	1,013,341	1,013,341

The Directors do not recommend the payment of a final dividend for the current financial year.

28. Staff Costs

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fee	36,000	36,000	-	-
Salaries, wages and other emoluments	9,865,630	8,296,545	2,310,341	2,068,856
Social security contributions	105,732	83,832	18,658	15,392
Defined contribution plans	1,123,667	943,473	280,590	248,297
Estimated money value of benefits-in-kind	15,000	15,000	15,000	15,000
	11,146,029	9,374,850	2,624,589	2,347,545

28. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors of the Company				
Fee	36,000	36,000	-	-
Salaries and other emoluments	490,000	455,000	490,000	455,000
Social security contributions	1,119	923	1,119	923
Defined contribution plans	58,800	54,600	58,800	54,600
Estimated money value of benefits-in-kind	15,000	15,000	15,000	15,000
	600,919	561,523	564,919	525,523
Directors of the subsidiary companies				
Salaries and other emoluments	240,000	240,000	-	-
Social security contributions	1,159	923	-	-
Defined contribution plans	28,800	28,800	-	-
	269,959	269,723	-	-

29. Reconciliation of Liabilities Arising from Financing Activities

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 July RM	New lease RM	Financing cash flows (i) RM	Other changes (ii) RM	At 30 June RM
Group					
2023					
Other bank borrowings	5,676,816	-	1,301,735	-	6,978,551
Lease liabilities	2,889,241	1,617,000	(1,291,808)	-	3,214,433
	8,566,057	1,617,000	9,927	-	10,192,984
2022					
Other bank borrowings	4,762,891	-	913,925	-	5,676,816
Lease liabilities	3,226,182	949,400	(1,278,489)	(7,852)	2,889,241
	7,989,073	949,400	(364,564)	(7,852)	8,566,057
Company					
2023					
Amount due to subsidiary companies	30,701,613	-	(3,663,838)	-	27,037,775
2022					
Amount due to subsidiary companies	36,043,556	-	(5,341,943)	-	30,701,613

(i) The cash flows from loans and borrowings, lease liabilities and amount due to subsidiary companies make up the net amount of proceeds from or repayments of borrowings and inter-company balances in the statements of cash flows.

(ii) Other changes include termination of lease contract.

30. Commitments

	Group 2023 RM	Group 2022 RM
Authorised and contracted for:		
Capital expenditures:		
- Product development costs	20,000	563,000
- Property, plant and equipment	-	417,320
- Right-of-use assets	-	1,617,000
	20,000	2,597,320

31. Financial Guarantees

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unsecured:				
Bank guarantee for performance bond given to third parties	8,830,207	7,500,313	-	-
Unsecured:				
Financial guarantee given to licensed banks for credit facilities granted to a subsidiary company	-	-	17,547,483	17,485,115

32. Related Party Disclosures

(a) Identifying related parties

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

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

32. Related Party Disclosures (Cont'd)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group	
	2023	2022
	RM	RM
Transactions with a Non-Executive Director		
- Consultancy services fee	270,000	275,500

	Company	
	2023	2022
	RM	RM
Transactions with subsidiary companies		
- Dividends income receivable	2,150,000	1,950,000
- Interest income	87,838	50,378
- Management fee income	3,534,000	3,600,000

(c) Compensation of key management personnel

The remuneration of key management personnel is same as the Directors' remuneration as included in Note 24 and Note 28 respectively.

33. Segment Information

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

Information technology and services	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services and provisioning of technology for the smart technology industry and for the integrated data centre.
Telecommunications	Provisioning, installation, commissioning and maintenance of power supply equipment for telecommunication systems and integration and maintenance of telecommunication equipment and related services.
Investment holding	Investment holding and provision of management services.
Lifestyle	Involve in lifestyle activities, special interest project and distribution of frozen halal meats

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

33. Segment Information (Cont'd)

	Investment holding RM	Information technology and services RM	Lifestyle RM	Tele-communications RM	Total segments RM	Elimination RM	Consolidated RM
2023							
Revenue							
External customers	-	68,208,063	1,223,440	-	69,431,503	-	69,431,503
Inter-segment	5,684,000	620,100	2,962,500	850,000	10,116,600	(10,116,600)	-
Total revenue	5,684,000	68,828,163	4,185,940	850,000	79,548,103	(10,116,600)	69,431,503
Segment results							
Interest income	89,048	269,601	-	-	358,649	(87,838)	270,811
Finance costs	-	(1,311,176)	-	-	(1,311,176)	87,838	(1,223,338)
Depreciation and amortisation	(280,539)	(2,475,534)	-	(297,069)	(3,053,142)	-	(3,053,142)
Fair value gain on other investments	-	12,150	-	-	12,150	-	12,150
Other non-cash items	3,362,750	(1,005,456)	1	-	2,357,295	(2,357,294)	1
Segment profit/(loss)	3,876,543	2,338,174	1,883,740	500,630	8,599,087	(5,357,294)	3,241,793
Segment assets	44,133,636	70,125,796	271,617	22,804,996	137,336,045	(71,555,811)	65,780,234
Included in the measurement of segment assets are:							
Capital expenditure	76,386	3,292,640	-	-	3,369,026	-	3,369,026
Segment liabilities	27,542,946	50,539,407	12,211,413	2,701,957	92,995,723	(56,419,146)	36,576,577

33. Segment Information (Cont'd)

	Investment holding RM	Information technology and services RM	Lifestyle RM	Tele-communications RM	Total segments RM	Elimination RM	Consolidated RM
2022							
Revenue							
External customers	-	47,449,050	-	480,613	47,929,663	-	47,929,663
Inter-segment	5,550,000	2,467,900	-	1,750,000	9,767,900	(9,767,900)	-
Total revenue	5,550,000	49,916,950	-	2,230,613	57,697,563	(9,767,900)	47,929,663
Segment results							
Interest income	51,149	96,622	-	-	147,771	(50,378)	97,393
Finance costs	-	(805,577)	-	-	(805,577)	50,378	(755,199)
Depreciation and amortisation	(264,058)	(2,826,466)	-	(283,545)	(3,374,069)	-	(3,374,069)
Fair value loss on other investments	-	(17,550)	-	-	(17,550)	-	(17,550)
Other non-cash items	363,431	(718,840)	-	-	(355,409)	94,467	(260,942)
Segment profit/(loss)	2,119,315	2,283,666	(378,930)	1,266,314	5,290,365	(3,605,533)	1,684,832
Segment assets	44,607,519	66,417,556	21,679	23,981,590	135,028,344	(77,522,770)	57,505,574
Included in the measurement of segment assets are:							
Capital expenditure	92,336	1,561,230	-	-	1,653,566	-	1,653,566
Segment liabilities	30,880,031	46,609,054	13,845,215	2,721,631	94,055,931	(64,743,398)	29,312,533

33. Segment Information (Cont'd)

Adjustments and eliminations

Inter-segment revenues are eliminated on consolidation.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and right-of-use assets.

Other non-cash items consist of the following as presented on the respective notes to the financial statements:

	Group	
	2023	**2022**
	RM	**RM**
Loss on disposal of property, plant and equipment	1	-
Gain on termination of lease contract	-	254
Payable written off	-	(260,304)
Property, plant and equipment written off	-	(892)
	1	(260,942)

Geographic information

	Revenue		Non-current assets	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Group				
Malaysia	69,431,503	47,929,663	32,810,896	32,482,866

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, intangible assets and other investments.

Major customers

Revenue from major customers, the Government Ministries and Departments, Local Authorities or government linked companies under of Government of Malaysia amount to RM67,351,444 (2022: RM46,280,910), arising from sales in the information technology and services segment.

34. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	At amortised cost RM	At FVTPL RM	Total RM
2023			
Financial assets			
Other investments	-	22,500	22,500
Trade receivables	18,307,302	-	18,307,302
Other receivables	296,390	-	296,390
Deposits, bank and cash balances	14,269,820	-	14,269,820
	32,873,512	22,500	32,896,012
Financial liabilities			
Loans and borrowings	6,978,551	-	6,978,551
Lease liabilities	3,214,433	-	3,214,433
Trade payables	8,308,262	-	8,308,262
Other payables	5,935,628	-	5,935,628
	24,436,874	-	24,436,874
2022			
Financial assets			
Other investments	-	10,350	10,350
Trade receivables	21,162,338	-	21,162,338
Other receivables	274,623	-	274,623
Deposits, bank and cash balances	3,062,340	-	3,062,340
	24,499,301	10,350	24,509,651
Financial liabilities			
Loans and borrowings	7,825,843	-	7,825,843
Lease liabilities	2,889,241	-	2,889,241
Trade payables	5,396,524	-	5,396,524
Other payables	4,739,337	-	4,739,337
	20,850,945	-	20,850,945

34. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

Company	At amortised cost RM	At FVTPL RM	Total RM
2023			
Financial assets			
Other receivables	55,328	-	55,328
Deposits, bank and cash balances	534,729	-	534,729
Amount due from subsidiary companies	18,000	-	18,000
	608,057	-	608,057
Financial liabilities			
Other payables	505,171	-	505,171
Amount due to subsidiary companies	27,037,775	-	27,037,775
	27,542,946	-	27,542,946
2022			
Financial assets			
Other receivables	54,633	-	54,633
Dividends receivable	2,150,000	-	2,150,000
Deposits, bank and cash balances	344,175	-	344,175
	2,548,808	-	2,548,808
Financial liabilities			
Other payables	178,418	-	178,418
Amount due to subsidiary companies	30,701,613	-	30,701,613
	30,880,031	-	30,880,031

34. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies, processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to a subsidiary company. There are no significant changes as compared to previous financial year.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to a subsidiary company. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies, where risks of default have been assessed to be low.

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

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when 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. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

34. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial period represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to a subsidiary company.

The Company's maximum exposure in this respect is RM17,547,483 (2022: RM17,485,115), representing the outstanding banking facilities to a subsidiary company as at the end of the reporting period. There was no indication that the subsidiary company would default on repayment as at the end of the reporting period.

There are no significant changes as compared to previous financial year.

As at the end of the financial year, the Group had 1 customer (2022: 2 customers) accounted for approximately 98% (2022: 96%) of all the receivables outstanding.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

34. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

Group	On demand or within 1 year RM	1 to 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2023						
Non-derivative financial liabilities						
Term loans	569,502	569,502	1,708,508	10,511,189	13,358,701	5,270,551
Lease liabilities	1,347,759	1,842,087	308,442	-	3,498,288	3,214,433
Bankers' acceptance	1,708,000	-	-	-	1,708,000	1,708,000
Trade and other payables	14,243,890	-	-	-	14,243,890	14,243,890
Financial guarantee liabilities *	8,830,207	-	-	-	8,830,207	-
	26,699,358	2,411,589	2,016,950	10,511,189	41,639,086	24,436,874
2022						
Non-derivative financial liabilities						
Term loans	553,380	553,380	1,660,140	7,411,761	10,178,661	4,676,816
Lease liabilities	1,160,444	1,604,571	412,540	-	3,177,555	2,889,241
Bank overdraft	2,149,027	-	-	-	2,149,027	2,149,027
Bankers' acceptance	1,000,000	-	-	-	1,000,000	1,000,000
Trade and other payables	10,135,861	-	-	-	10,135,861	10,135,861
Financial guarantee liabilities *	7,500,313	-	-	-	7,500,313	-
	22,499,025	2,157,951	2,072,680	7,411,761	34,141,417	20,850,945

34. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2023			
Non-derivative financial liabilities			
Other payables	505,171	505,171	505,171
Amount due to subsidiary companies	27,037,775	27,037,775	27,037,775
Financial guarantee liabilities *	17,547,483	17,547,483	-
	45,090,429	45,090,429	27,542,946
2022			
Non-derivative financial liabilities			
Other payables	178,418	178,418	178,418
Amount due to subsidiary companies	30,701,613	30,701,613	30,701,613
Financial guarantee liabilities *	17,485,115	17,485,115	-
	48,365,146	48,365,146	30,880,031

* *Based on the maximum amount that can be called for under the financial guarantee contracts.*

The Company provides unsecured financial guarantee to banks in respect of credit facilities granted to a subsidiary company and monitors on an ongoing basis the performance of the subsidiary company. At the end of the financial year, there was no indication that the subsidiary company would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary company defaulting on its credit facilities is remote.

34. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and financial institutions and borrowings are exposed to a risk of change in their value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks and financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	2023	**2022**
	RM	**RM**
Group		
Fixed rate instruments		
Financial asset	4,006,975	1,032,123
Financial liabilities	(4,922,433)	(3,889,241)
	(915,458)	(2,857,118)
Floating rate instrument		
Financial liability	(5,270,551)	(6,825,843)
Company		
Fixed rate instrument		
Financial assets	2,778,604	1,777,394

34. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do 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 floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before tax by RM52,706 (2022: RM68,258), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

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

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

34. Financial Instruments (Cont'd)

(c) Fair value of financial instruments (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group										
2023										
Financial asset										
Quoted shares	22,500	-	-	22,500	-	-	-	-	22,500	22,500
Financial liability										
Term loans	-	-	-	-	-	5,270,551	-	5,270,551	5,270,551	5,270,551
2022										
Financial asset										
Quoted shares	10,350	-	-	10,350	-	-	-	-	10,350	10,350
Financial liability										
Term loans	-	-	-	-	-	4,676,816	-	4,676,816	4,676,816	4,676,816

34. Financial Instruments (Cont'd)

(c) Fair value of financial instruments (Cont'd)

(i) Policy on transfer between levels

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

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

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

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

Type	**Valuation technique and key input**	**Significant unobservable inputs**
Advance to subsidiary companies	Discounted cash flows using a rate based on the current market rate of borrowing of the Group entities at the reporting date	Interest rate (4%)

35. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratio at the end of the reporting period are as follows:

	Group	
	2023	**2022**
	RM	**RM**
Total loans and borrowings	6,978,551	7,825,843
Lease liabilities	3,214,433	2,889,241
Less: Deposits, bank and cash balances	(14,269,820)	(3,062,340)
Net debts	(4,076,836)	7,652,744
Total equity	29,203,657	28,193,042
Gearing ratio (times)	N/A	0.27

N/A - the gearing ratio is not applicable as the Group has sufficient deposits, bank and cash balances to settle the liabilities as at financial year end.

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

36. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 3 October 2023.

This page has been intentionally left blank

PROXY FORM

Number of shares held :
CDS Account No :

I/We ______________________________ NRIC/Company No. ______________
of ____
______________________________ being a member / members of Edaran Berhad,
hereby appoint ______________________ NRIC No. ______________
of ____
or in his absence, ______________________ NRIC No. ______________
of ____

as my/our proxy to vote for me/us on my/our behalf at the Thirty First Annual General Meeting of Edaran Berhad to be held and conducted on virtual basis through live streaming from the Broadcast Venue and online remote voting via the online meeting platform at https://meeting.boardroomlimited.my to be provided by Boardroom Share Registrars Sdn Bhd on Wednesday, 29 November 2023 at 10.00 a.m. and at any adjournment thereof.

My / Our proxy is to vote as indicated below :

	RESOLUTIONS	FOR	AGAINST
RESOLUTION 1	To re-elect a Director retiring under Article 101 of the Company's Articles of Association: • Datuk Mohd Shu'aib Ishak		
RESOLUTION 2	To re-elect a Director retiring under Article 101 of the Company's Articles of Association: • Encik Wan Adlan Affandy Wan Abdul Rahman		
RESOLUTION 3	To re-elect a Director retiring under Article 102 of the Company's Articles of Association: • Encik Adenan Ismail		
RESOLUTION 4	To re-elect a Director retiring under Article 102 of the Company's Articles of Association: • Puan Saadah Huda Sholah		
RESOLUTION 5	To approve the payment of Directors' Fees for an aggregate amount up to RM357,500.00 to the Non-Executive Directors for the period from 1 December 2023 until the conclusion of the next Annual General Meeting of the Company.		
RESOLUTION 6	To approve the payment of Directors' Benefits (excluding Directors' fee) for an aggregate amount of up to RM350,000.00 to the Non-Executive Directors for the period from 1 December 2023 until the conclusion of the next Annual General Meeting of the Company.		
RESOLUTION 7	To re-appoint Messrs. TGS TW as Auditors of the Company and to authorise the Directors to fix their remuneration.		
RESOLUTION 8	To give authority to the Directors to issue shares under Sections 75 and 76 of the Companies Act, 2016.		

(Please indicate with an "X" in the spaces provided how you wish to cast your votes. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion.)

Signed this ______________ day of ______________ 2023

____
Signature of Member / Common Seal

NOTES :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint any person or persons, whether a member or not, as his/her proxy or proxies to attend and vote in his/her stead without limitation. Where a member appoints two (2) or more proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy.
2. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 22 November 2023 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor's behalf.
3. A corporation or a corporation sole or a statutory corporation may appoint any person as its representative.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing and if such appointer is a corporation, corporation sole or a statutory corporation; either under its common seal or the hand of its officers or attorney duly authorised and shall be deposited together with the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof and shall be deposited at the Registered Office, 33-1 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur not less than forty eight (48) hours before the time for holding this General Meeting or any adjournment thereof..
5. The signature to the instrument appointing the proxy executed outside Malaysia must be attested by a Solicitor, Notary Public, Consul or a Magistrate.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
EDARAN BERHAD
No. 33-1 Jalan 2/76C
Desa Pandan
55100 Kuala Lumpur

First fold here

edaran

Business Office:

No. 2, Jalan 4/76C
Desa Pandan
55100 Kuala Lumpur

Tel : (6) 03-9206 7200
Fax : (6) 03-9284 3531

www.edaran.com

Registered Office:

No. 33-1, Jalan 2/76C
Desa Pandan
55100 Kuala Lumpur

Tel : (6) 03-9206 7383
Fax : (6) 03-9283 0192