

Registration No: 201601007727 (1178655 - U)

ATTESTED COPY

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

FINANCIAL REPORT
for the financial year ended 31 March 2024

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201601007727 (1178655 - U)

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KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of provide Registrar and Transfer Agency Services and Portfolio Services for market intermediaries, to provide Application Service Provider (ASP), Software As A Service (SaaS) and/or with Business Process Outsourcing (BPO) and to engage in the business of Front-end Back-end White-Labelled Platforms and Mobile Application Development Support Registry Services. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	RM
Profit after taxation for the financial year	<u>563,609</u>
Attributable to:- Owner of the Company	<u>563,609</u>

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Company.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Company, have been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

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

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.

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DIRECTORS' REPORT

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Alok Chandra Misra
Venkata Satyanaga Sreekanth Nadella
Quah Meng Kee
Izkandar Edward Heylett Bin Noor Haitham Bloy
Rajat Mangla (Appointed on 28.6.2023)
Vishesh Tayal (Resigned on 28.4.2023)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			At 31.3.2024	
	At 1.4.2023	Bought	Sold		
The Company					
<i>Direct interest</i>					
Venkata Satyanaga Sreekanth Nadella	1	-	-	1	
		Number of Options under ESOP		At	
		At 1.4.2023	Bought	Sold	31.3.2024
The Company					
<i>Direct interest</i>					
Quah Meng Kee	154,992	-	-	154,992	

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
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DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 24 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is 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.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	RM
Salaries, bonuses and other benefits	554,507
Defined contribution benefits	70,814
	<hr/>
	625,321
	<hr/>

HOLDING COMPANY

The holding company is KFin Technologies Limited, a company incorporated in India and listed on National Stock Exchange of India Limited and BSE Limited.

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KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
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DIRECTORS' REPORT

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Company for the financial year was RM14,000.

Signed in accordance with a resolution of the directors dated **25 APR 2024**



Venkata Satyanaga Sreekanth Nadella



Quah Meng Kee

Registration No: 201601007727 (1178655 - U)

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
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**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Venkata Satyanaga Sreekanth Nadella and Quah Meng Kee, being two of the directors of KFin Technologies (Malaysia) Sdn. Bhd., state that, in the opinion of the directors, the financial statements set out on pages 10 to 47 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 Company as of 31 March 2024 and of its financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated **25 APR 2024**


Venkata Satyanaga Sreekanth Nadella


Quah Meng Kee

**STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016**

I, Venkata Satyanaga Sreekanth Nadella, Passport No. M6767560, being the director primarily responsible for the financial management of KFin Technologies (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 47 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the declaration to be true and by virtue of the Notaries Act 1952 (India).

Subscribed and solemnly declared by the abovementioned
Venkata Satyanaga Sreekanth Nadella, Passport No. M6767560,
at Hyderabad,
in India
on this


Venkata Satyanaga Sreekanth Nadella

Before me

ATTESTED




S. ANNA RAO
NOTARY ADVOCATE
PLNo. 4-7-92, Balaji Nagar, SANGAREDDY (M & Dist.)
TELANGANA STATE
Cell : 9966268570
Commissioner will be Expired on : 18-Jul-2026

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.**
(Incorporated in Malaysia)
Registration No: 201601007727 (1178655 - U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of KFin Technologies (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 10 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD. (CONT'D)

(Incorporated in Malaysia)

Registration No: 201601007727 (1178655 - U)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements 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 Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD. (CONT'D)**

(Incorporated in Malaysia)

Registration No: 201601007727 (1178655 - U)

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)

- 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

OTHER MATTERS

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.



Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants



Chong Wei-Chnoong
03525/08/2024 J
Chartered Accountant

Kuala Lumpur

25 APR 2024

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2024

	Note	31.3.2024 RM	31.3.2023 RM (Restated)	1.4.2022 RM (Restated)
ASSETS				
NON-CURRENT ASSETS				
Equipment	6	92,197	139,304	69,260
Right-of-use assets	7	219,663	459,295	698,928
		<u>311,860</u>	<u>598,599</u>	<u>768,188</u>
CURRENT ASSETS				
Trade receivables	8	2,095,813	2,168,955	1,609,471
Other receivables, deposits and prepayments	9	262,762	141,509	194,291
Amount owing by holding company	14	379,809	878,472	-
Amount owing by a related company	15	23,222	-	-
Contract assets	10	86,518	148,170	461,201
Current tax assets		132,928	-	-
Cash and bank balances		1,759,801	749,469	1,731,238
		<u>4,740,853</u>	<u>4,086,575</u>	<u>3,996,201</u>
TOTAL ASSETS		<u>5,052,713</u>	<u>4,685,174</u>	<u>4,764,389</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital	11	1,000,000	1,000,000	1,000,000
Retained profits		2,394,560	1,830,951	1,291,916
TOTAL EQUITY		<u>3,394,560</u>	<u>2,830,951</u>	<u>2,291,916</u>
NON-CURRENT LIABILITIES				
Lease liability	12	-	231,340	478,325
CURRENT LIABILITIES				
Other payables and accruals	13	377,111	406,672	290,860
Contract liabilities	10	177,191	58,984	60,000
Amount owing to holding company	14	872,512	899,901	1,287,811
Lease liability	12	231,339	246,985	220,604
Current tax liability		-	10,341	134,873
		<u>1,658,153</u>	<u>1,622,883</u>	<u>1,994,148</u>
TOTAL LIABILITIES		<u>1,658,153</u>	<u>1,854,223</u>	<u>2,472,473</u>
TOTAL EQUITY AND LIABILITIES		<u>5,052,713</u>	<u>4,685,174</u>	<u>4,764,389</u>

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

	Note	2024 RM	2023 RM (Restated)
REVENUE	16	11,378,976	11,206,875
COST OF SALES	17	(5,596,398)	(5,770,060)
GROSS PROFIT		5,782,578	5,436,815
OTHER INCOME		2,753	9,700
ADMINISTRATIVE EXPENSES	18	(4,332,715)	(4,265,308)
OTHER EXPENSES	19	(346,620)	(319,551)
FINANCE COSTS	20	(8,237)	(13,300)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	21	(244,294)	-
PROFIT BEFORE TAXATION		853,465	848,356
INCOME TAX EXPENSE	22	(289,856)	(309,321)
PROFIT AFTER TAXATION		563,609	539,035
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		563,609	539,035
PROFIT AFTER TAXATION ATTRIBUTABLE TO:- Owners of the Company		563,609	539,035
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:- Owners of the Company		563,609	539,035

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

	Note	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 1.4.2022				
- As previously reported		1,000,000	1,329,686	2,329,686
- Prior year adjustments	26	-	(37,770)	(37,770)
- As restated		1,000,000	1,291,916	2,291,916
Profit after taxation/Total comprehensive income for the financial year				
- As previously reported		-	597,380	597,380
- Prior year adjustments	26	-	(58,345)	(58,345)
- As restated		-	539,035	539,035
Balance as at 31.3.2023 (restated)		1,000,000	1,830,951	2,830,951
Balance as at 1.4.2023				
- As previously reported		1,000,000	1,927,066	2,927,066
- Prior year adjustments	26	-	(96,115)	(96,115)
- As restated		1,000,000	1,830,951	2,830,951
Profit after taxation/Total comprehensive income for the financial year		-	563,609	563,609
Balance at 31.3.2024		1,000,000	2,394,560	3,394,560

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	Note	2024 RM	2023 RM (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		853,465	848,356
Adjustments for:			
Depreciation of equipment		70,549	51,004
Depreciation of right-of-use assets		239,632	239,633
Impairment loss:			
- trade receivables		121,621	-
- contract assets		122,673	-
Interest expense on lease liability		8,237	13,300
Share options granted by holding company		78,992	243,104
Operating profit before working capital changes		1,495,169	1,395,397
(Increase)/Decrease in contract assets		(61,021)	313,031
Increase/(Decrease) in contract liabilities		118,207	(1,016)
Increase in trade and other receivables		(169,732)	(506,702)
(Decrease)/Increase in other payables		(29,561)	115,812
Decrease in amount owing to holding company		(106,381)	(631,014)
NET CASH FROM OPERATIONS		1,246,681	685,508
Income tax paid		(433,125)	(494,775)
Income tax refunded		-	60,922
NET CASH FROM OPERATING ACTIVITIES		813,556	251,655
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES			
Repayment from/(Advances to) holding company		498,663	(878,472)
Advances to related company		(23,222)	-
Purchase of equipment	23(a)	(23,442)	(121,048)
NET CASH FROM/(FOR) INVESTING ACTIVITIES		451,999	(999,520)
CASH FLOWS FOR FINANCING ACTIVITIES			
Repayment of lease liability	23(b)	(246,986)	(220,604)
Interest paid	23(b)	(8,237)	(13,300)
NET CASH FOR FINANCING ACTIVITIES		(255,223)	(233,904)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,010,332	(981,769)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		749,469	1,731,238
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	23(c)	1,759,801	749,469

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : Level 25, Menara Hong Leong,
No. 6, Jalan Damanlela, Bukit Damansara,
50490 Kuala Lumpur.

Principal place of business : Suite 6.2, Level 6, Menara IMC,
No. 8, Jalan Sultan Ismail,
50250 Kuala Lumpur.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 April 2024.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of provide Registrar and Transfer Agency Services and Portfolio Services for market intermediaries, to provide Application Service Provider (ASP), Software As A Service (SaaS) and/or with Business Process Outsourcing (BPO) and to engage in the business of Front-end Back-end White-Labelled Platforms and Mobile Application Development Support Registry Services. There have been no significant changes in the nature of these activities during the financial year.

3. HOLDING COMPANY

The holding company is KFin Technologies Limited, a company incorporated in India and listed on National Stock Exchange of India Limited and BSE Limited.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

4. BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 4.1 During the current financial year, the Company has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 17: Insurance Contracts

Amendments to MFRS 17: Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Company's financial statements.

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

4. BASIS OF PREPARATION (CONT'D)

- 4.2 The Company has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 16: Lease Liability in a Sale 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

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Company upon its initial application.

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

5. MATERIAL ACCOUNTING POLICY INFORMATION

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the equipment, and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Company anticipates that the residual values of its equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of equipment, and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 to the financial statements respectively.

(b) Impairment of Equipment and Right-of-use Assets

The Company determines whether its equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 to the financial statements respectively.

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5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Impairment of Trade Receivables and Contract Assets

The Company uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 8 and 10 to the financial statements respectively.

(d) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Company to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Company uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables, amount owing by holding company and amount owing by a related company as at the reporting date are disclosed in Notes 9, 14 and 15 to the financial statements respectively.

(e) Income Taxes

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

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5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Company's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:

Lease Terms

Some leases contain extension options exercisable by the Company before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

5.2 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets At Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

Financial Assets Through Other Comprehensive Income

The Company has elected to designate the equity instruments as financial assets through other comprehensive income at initial recognition.

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

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5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.2 FINANCIAL INSTRUMENTS (CONT'D)

(b) **Financial Liabilities**

Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expenses.

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) **Equity Instruments**

Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently

5.3 EQUIPMENT

All items of plant and equipment are initially measured at cost.

Subsequent to initial recognition, all plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Computer software	33.33%
Computers	33.33%
Furniture and fixtures	33.33%
Leasehold improvements	33.33%
Office equipment	33.33%

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5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.4 RIGHT-OF-USE AND LEASE LIABILITIES

(a) Short-term Leases and Leases of Low-value Assets

The Company apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Company recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

5.5 REVENUE FROM CONTRACT WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Company recognises revenue when (or as) it transfers control over a product or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

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

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

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5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.5 REVENUE FROM CONTRACT WITH CUSTOMERS (CONT'D)

Rendering of Services

Contracts from services that comprises multiple deliverables represents a combined output for which the customer has contracted for that are substantially the same and that have the same pattern of transfer to the customer and are therefore recognised as a single performance obligation. The Company recognises revenue from the rendering of services over time, using an output method determined by survey of works performed to measure progress towards complete satisfaction of the services.

Otherwise, revenue from rendering of services is recognised at a point in time upon performance of services.

5.6 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

Interest Income

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

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6. EQUIPMENT

	At 1.4.2023 RM	Additions (Note 23(a)) RM	Depreciation Charges (Note 19) RM	At 31.3.2024 RM
31.3.2024				
<i>Carrying Amount</i>				
Computer software	36,412	-	(12,468)	23,944
Computers	57,782	8,456	(32,669)	33,569
Furniture and fixtures	25,356	-	(12,088)	13,268
Leasehold improvements	17,267	-	(10,084)	7,183
Office equipment	2,487	14,986	(3,240)	14,233
	139,304	23,442	(70,549)	92,197
31.3.2023				
<i>Carrying Amount</i>				
Computer software	51	37,452	(1,091)	36,412
Computers	38,358	45,172	(25,748)	57,782
Furniture and fixtures	-	36,245	(10,889)	25,356
Leasehold improvements	27,627	-	(10,360)	17,267
Office equipment	3,224	2,179	(2,916)	2,487
	69,260	121,048	(51,004)	139,304

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6. EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
31.3.2024			
Computer software	50,539	(26,595)	23,944
Computers	195,816	(162,247)	33,569
Furniture and fixtures	43,740	(30,472)	13,268
Leasehold improvements	307,281	(300,098)	7,183
Office equipment	33,986	(19,753)	14,233
	631,362	(539,165)	92,197
31.3.2023			
Computer software	50,539	(14,127)	36,412
Computers	187,360	(129,578)	57,782
Furniture and fixtures	43,740	(18,384)	25,356
Leasehold improvements	307,281	(290,014)	17,267
Office equipment	19,000	(16,513)	2,487
	607,920	(468,616)	139,304

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7. RIGHT-OF-USE ASSETS

	At 1.4.2023 RM	Depreciation Charges (Note 19) RM	At 31.3.2024 RM
31.3.2024			
<i>Carrying Amount</i>			
Office premise	459,295	(239,632)	219,663
	At 1.4.2022 RM	Depreciation Charges (Note 19) RM	At 31.3.2023 RM
31.3.2023			
<i>Carrying Amount</i>			
Office premise	698,928	(239,633)	459,295
	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
31.3.2024			
Office premise	718,897	(499,234)	219,663
31.3.2023			
Office premise	718,897	(259,602)	459,295

The Company has entered into a lease contract for the office premise in its operations. The lease term is for 3 years.

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8. TRADE RECEIVABLES

	31.3.2024	31.3.2023
	RM	RM
Third parties	2,217,434	2,168,955
Allowance for impairment losses	(121,621)	-
	<u>2,095,813</u>	<u>2,168,955</u>
	31.3.2024	31.3.2023
	RM	RM
Allowance for impairment losses:-		
At 1 April	-	-
Addition during the financial year (Note 21)	(121,621)	-
At 31 March	<u>(121,621)</u>	<u>-</u>

The Company's normal trade credit term is 30 (31.3.2023 - 30) days. Other credit terms are assessed and approved on a case-by-case basis.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31.3.2024	31.3.2023
	RM	RM
Other receivables:-		
Third parties	102,911	-
Deposits	95,257	92,826
Prepayments	64,594	48,683
	<u>262,762</u>	<u>141,509</u>

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10. CONTRACT ASSETS/(LIABILITIES)

	31.3.2024 RM	31.3.2023 RM
Contract Assets		
Contract assets relating to rendering of services	209,191	148,170
Allowance for impairment losses	(122,673)	-
	<u>86,518</u>	<u>148,170</u>
Allowance for impairment losses:-		
At 1 April	-	-
Addition during the financial year (Note 21)	(122,673)	-
	<u>(122,673)</u>	<u>-</u>
At 31 March	<u>(122,673)</u>	<u>-</u>
Contract Liabilities		
Contract liabilities relating to rendering of services	<u>(177,191)</u>	<u>(58,984)</u>
(a) The contract assets primarily relate to the Company's right to consideration for work completed on services provided but not yet billed as at the reporting date. The amount will be invoiced within 2 (31.3.2023 - 2) months.		
(b) The contract liabilities primarily relates to advance consideration received from customers of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 1 to 10 (31.3.2023 - 1 to 10) months.		
(c) The changes to contract assets and contract liabilities balances during the financial year are summarised below:		
	31.3.2024 RM	31.3.2023 RM
At 1 April	89,186	401,201
Revenue recognised in profit or loss	11,378,976	11,206,875
Billings to customers during the financial year	(11,258,971)	(11,459,906)
Advance consideration received from customers during the financial year	(177,191)	(58,984)
Allowance for impairment losses	(122,673)	-
	<u>(90,673)</u>	<u>89,186</u>
At 31 March	<u>(90,673)</u>	<u>89,186</u>
Represented by:		
Contract assets	86,518	148,170
Contract liabilities	(177,191)	(58,984)
	<u>(90,673)</u>	<u>89,186</u>

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10. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(d) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of contracts is expected to be recognised as follows:

	31.3.2024 RM	31.3.2023 RM
Within 1 year	177,191	58,984

11. SHARE CAPITAL

	31.3.2024 Number of Shares	31.3.2023 Number of Shares	31.3.2024 RM	31.3.2023 RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 April/31 March	1,000,000	1,000,000	1,000,000	1,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

12. LEASE LIABILITY

	31.3.2024 RM	31.3.2023 RM
At 1 April	478,325	698,929
Interest expense recognised in profit or loss (Note 20)	8,237	13,300
Repayment of principal	(246,986)	(220,604)
Repayment of interest expense	(8,237)	(13,300)
At 31 March	231,339	478,325
Represented by:		
Current liability	231,339	246,985
Non-current liability	-	231,340
	231,339	478,325

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13. OTHER PAYABLES AND ACCRUALS

	31.3.2024	31.3.2023
	RM	RM
Sales and service tax payables	287,474	208,444
Accruals	89,637	198,228
	<u>377,111</u>	<u>406,672</u>

14. AMOUNTS OWING BY/(TO) HOLDING COMPANY

	31.3.2024	31.3.2023	1.4.2022
	RM	RM	RM
		(Restated)	(Restated)
Current Non-trade balance	<u>379,809</u>	<u>878,472</u>	<u>-</u>
Current Trade balance	<u>(872,512)</u>	<u>(899,901)</u>	<u>(1,287,811)</u>

- (a) The non-trade balance represents unsecured payments made on behalf. The amount owing is repayable on demand and is to be settled in cash.
- (b) The trade balance represents back office charges and is subject to the credit term of 90 (31.3.2023 - 90) days. The amount owing is to be settled in cash.

15. AMOUNT OWING BY A RELATED COMPANY

	31.3.2024	31.3.2023
	RM	RM
Current Non-trade balance	<u>23,222</u>	<u>-</u>

The non-trade balance represents unsecured payments made on behalf. The amount owing is repayable on demand and is to be settled in cash.

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16. REVENUE

	2024 RM	2023 RM
<u>Revenue recognised at a point in time</u>		
Rendering of services	10,178,367	11,116,082
<u>Revenue recognised over time</u>		
Rendering of services	1,200,609	90,793
	<u>11,378,976</u>	<u>11,206,875</u>

17. COST OF SALES

	2024 RM	2023 RM (Restated)
Back office charges from holding company	5,246,436	5,546,738
Miscellaneous cost of sales	349,962	223,322
	<u>5,596,398</u>	<u>5,770,060</u>

18. ADMINISTRATIVE EXPENSES

	2024 RM	2023 RM (Restated)
Included are the following items:		
Auditors' remuneration:		
- statutory	14,000	14,000
- limited review	24,000	10,000
Directors' non-fee emoluments:		
- salaries and other benefits	554,507	583,282
- defined contribution benefits	70,814	69,872
Share options granted by holding company	78,992	243,104
Staff costs:		
- salaries and other benefits	2,212,891	2,426,816
- defined contribution benefits	222,893	226,168
- other benefits	118,777	85,615

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19. OTHER EXPENSES

	2024 RM	2023 RM
Included are the following items:		
Depreciation:		
- equipment (Note 6)	70,549	51,004
- right-of-use assets (Note 7)	239,632	239,633
Realised loss on foreign exchange	36,439	27,442
	<u> </u>	<u> </u>

20. FINANCE COSTS

	2024 RM	2023 RM
Interest expense on lease liability	8,237	13,300
	<u> </u>	<u> </u>

21. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	2024 RM	2023 RM
Impairment losses:		
- trade receivables (Note 8)	121,621	-
- contract assets (Note 10)	122,673	-
	<u> </u>	<u> </u>
	<u>244,294</u>	<u> </u>

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22. INCOME TAX EXPENSE

	2024 RM	2023 RM (Restated)
Current tax expense	269,362	291,345
Underprovision in the previous financial year	20,494	17,976
	<u>289,856</u>	<u>309,321</u>

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Company is as follows:-

	2024 RM	2023 RM (Restated)
Profit before taxation	<u>853,465</u>	<u>848,356</u>
Tax at the statutory tax rate of 24% (2023 - 24%)	204,832	203,605
Tax effects of:-		
Non-deductible expenses	43,751	88,480
Non-taxable income	(31,705)	-
Utilisation of deferred tax assets previously not recognised	-	(740)
Deferred tax assets not recognised during the financial year	52,484	-
Underprovision of current tax in the previous financial year	20,494	17,976
	<u>289,856</u>	<u>309,321</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2023 - 24%) of the estimated assessable profit for the financial year.

At the end of the reporting period, the amount of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	31.3.2024 RM	31.3.2023 RM
Provision	244,294	-
Other deductible temporary differences	(62,232)	(36,621)
	<u>182,062</u>	<u>(36,621)</u>

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23. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of equipment is as follows:

	2024 RM	2023 RM
Equipment		
Cost of equipment purchased (Note 6)	23,442	121,048

(b) The reconciliations of liabilities arising from financial activities are as follows:

	31.3.2024 RM	31.3.2023 RM
Lease liability		
At 1 April	478,325	698,929
<u>Changes in Financing Cash Flows</u>		
Repayment of principal	(246,986)	(220,604)
Repayment of interest expense	(8,237)	(13,300)
	(255,223)	(233,904)
<u>Non-cash Changes</u>		
Interest expense recognised in profit or loss (Note 20)	8,237	13,300
	8,237	13,300
At 31 March	231,339	478,325

(c) The cash and cash equivalents comprise the following:

	31.3.2024 RM	31.3.2023 RM
Cash and bank balances	1,759,801	749,469

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24. RELATED PARTY DISCLOSURES

(a) Holding company

The holding company is disclosed in Note 3 to the financial statements.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following significant transactions with the related parties during the financial year:

	2024	2023
	RM	RM
Back office charged by holding company	5,246,436	5,546,738
Repayment of back office charges to holding company	(4,858,924)	(6,290,140)
Repayment of ESOP expenses	(493,612)	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

25. FINANCIAL INSTRUMENTS

The Company's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

25.1 FINANCIAL RISK MANAGEMENT POLICIES

The Company's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's fixed rate borrowings is carried at amortised cost. Therefore, it is not subject to interest rate risk as defined in MFRS 7 since neither its carrying amount nor its future cash flows will fluctuate because of a change in market interest rates.

(iii) Equity Price Risk

The Company does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Company's major concentration of credit risk relates to the amounts owing by 5 customers which constituted approximately 85% (2023 - 86%) of its trade receivables at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Company after deducting any allowance for impairment losses (where applicable).

The Company has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Company closely monitors the trade receivables' financial strength to reduce the risk of loss.

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

At each reporting date, the Company assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Company considers a receivable to be in default when the receivable is unlikely to repay its debt to the Company in full or is more than 90 days past due.

Trade Receivables and Contract Assets

The Company applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for its trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The Company measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 36 months (2023 - 36 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts.

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

There are no significant changes in the estimation and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

	Gross Amount RM	Lifetime Individual Impairment RM	Lifetime Collective Impairment RM	Carrying Amount RM
Current (not past due)	1,100,576	-	-	1,100,576
1 to 30 days past due	911,850	-	-	911,850
31 to 60 days past due	-	-	-	-
61 to 90 days past due	83,387	-	-	83,387
Credit impaired	121,621	(121,621)	-	-
Trade receivables	2,217,434	(121,621)	-	2,095,813
Contract assets	209,191	(122,673)	-	86,518
	2,426,625	(244,294)	-	2,182,331

31.3.2024

Current (not past due)
1 to 30 days past due
31 to 60 days past due
61 to 90 days past due
Credit impaired

Trade receivables
Contract assets

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd)

	Gross Amount RM	Lifetime Individual Impairment RM	Lifetime Collective Impairment RM	Carrying Amount RM
31.3.2023				
Current (not past due)	1,460,483	-	-	1,460,483
1 to 30 days past due	435,991	-	-	435,991
31 to 60 days past due	80,348	-	-	80,348
61 to 90 days past due	192,133	-	-	192,133
Trade receivables	2,168,955	-	-	2,168,955
Contract assets	148,170	-	-	148,170
	2,317,125	-	-	2,317,125

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 8 and 10 to the financial statements respectively.

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables, Amount Owing by Holding Company and Amount Owing by A Related Company (Non-trade Balance)

The Company applies the 3-stage general approach to measuring expected credit losses for its other receivables, amount owing by holding company and amount owing by a related company.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, the Company assesses whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Company considers there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Company uses 3 categories to reflect their credit risk and how the loss allowance is determined for each category:-

Category	Definition of Category	Loss Allowance
Performing:	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-months expected credit losses
Underperforming:	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Not performing:	There is evidence indicating the receivable is credit impaired or more than 90 days past due	Lifetime expected credit losses

The Company measures the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on individual basis. Other receivables are grouped based on shared credit risk characteristics and assessed on collective basis.

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) **Credit Risk (Cont'd)**

(iii) **Assessment of Impairment Losses (Cont'd)**

Other Receivables, Amount Owing by Holding Company and Amount Owing by A Related Company (Non-trade Balance) (Cont'd)

In deriving the PD and LGD, the Company consider the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

	Gross Amount RM	12-month Loss Allowance RM	Carrying Amount RM
31.3.2024			
Low credit risk	505,942	-	505,942
31.3.2023			
Low credit risk	878,472	-	878,472

At the end of the reporting period, there was no indication that the amounts owing are not recoverable.

Cash and Bank Balances

The Company considers these banks and financial institutions have low credit risks. Therefore, the Company is of the view that the loss allowance is immaterial and hence, it is not provided for.

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024****25. FINANCIAL INSTRUMENTS (CONT'D)**

25.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

The Company maintains sufficient bank balances to support its daily operations. In addition, the holding company has undertaken to provide continued financial support to meet the Company's obligations as and when they fall due.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual Coupon/ Interest Rate (%)	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
31.3.2024					
<u>Non-derivative</u>					
<u>Financial</u>					
<u>Liabilities</u>					
Accruals	-	89,637	89,637	89,637	-
Amount owing to holding company	-	872,512	872,512	872,512	-
Lease liability	2.25	231,339	233,954	233,954	-
		1,193,488	1,196,103	1,196,103	-
31.3.2023					
(Restated)					
<u>Non-derivative</u>					
<u>Financial</u>					
<u>Liabilities</u>					
Accruals	-	198,228	198,228	198,228	-
Amount owing to holding company	-	899,901	899,901	899,901	-
Lease liability	2.25	478,325	489,176	255,222	233,954
		1,576,454	1,587,305	1,353,351	233,954

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual Coupon/ Interest Rate (%)	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
1.4.2022					
(Restated)					
<u>Non-derivative Financial Liabilities</u>					
Accruals	-	67,687	67,687	67,687	-
Amount owing to holding company	-	1,287,811	1,287,811	1,287,811	-
Lease liability	2.25	698,929	723,130	233,954	489,176
		<u>2,054,427</u>	<u>2,078,628</u>	<u>1,589,452</u>	<u>489,176</u>

25.2 CAPITAL RISK MANAGEMENT

The Company manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Company may make adjustment to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company manages its capital based on debt-to-equity ratio. As the Company has no external borrowings, the debt to equity ratio is not presented as it may not provide a meaningful indicator of the risk of borrowings

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	31.3.2024 RM	31.3.2023 RM (Restated)	1.4.2022 RM (Restated)
Financial Assets			
<u>Amortised Cost</u>			
Trade receivables	2,095,813	2,168,955	1,609,471
Other receivables	102,911	-	65,610
Amount owing by holding company	379,809	878,472	-
Amount owing by a related company	23,222	-	-
Cash and bank balances	1,759,801	749,469	1,731,238
	<u>4,361,556</u>	<u>3,796,896</u>	<u>3,406,319</u>
Financial Liabilities			
<u>Amortised Cost</u>			
Accruals	89,637	198,228	67,687
Amount owing to holding company	872,512	899,901	1,287,811
	<u>962,149</u>	<u>1,098,129</u>	<u>1,355,498</u>

25.4 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments carried at fair values in the statement of financial position.

The fair values of the financial assets and financial liabilities of the Company that are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

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26. PRIOR YEAR ADJUSTMENTS

Statement of Financial Position

Prior year adjustment 1 - The financial statements as at 1 April 2022 and 31 March 2023 have been restated to adjust for the overstatement of retained profits amounting to RM157,374 and RM400,478 respectively due to omission of share options granted by the holding company ("ESOS expenses").

Prior year adjustment 1 - The financial statements as at 1 April 2022 and 31 March 2023 have been restated to adjust for the understatement of equity contribution from holding company amounting to RM157,374 and RM400,478 respectively due to omission of ESOS expenses.

Prior year adjustment 2 - The financial statements as at 1 April 2022 and 31 March 2023 have been restated to adjust for the overstatement of equity contribution from holding company amounting to RM157,374 and RM400,478 respectively due to omission of repayment of ESOS expenses to its holding company.

Prior year adjustment 2 - The financial statements as at 1 April 2022 and 31 March 2023 have been restated to adjust for the understatement of amount owing to holding company amounting to RM157,374 and RM400,478 respectively due to omission of repayment of ESOS expenses to its holding company.

Prior year adjustment 3 - The financial statements as at 1 April 2022 and 31 March 2023 have been restated to adjust for the understatement of retained profits amounting to RM157,374 and RM400,478 respectively due to omission of back-office charges expenses charged by the holding company.

Prior year adjustment 3 - The financial statements as at 1 April 2022 and 31 March 2023 have been restated to adjust for the overstatement of amount owing to holding company amounting to RM157,374 and RM400,478 respectively due to omission of back-office charges expenses charged by the holding company.

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26. PRIOR YEAR ADJUSTMENTS (CONT'D)

Statement of Financial Position (Cont'd)

Prior year adjustment 4 - The financial statements as at 1 April 2022 and 31 March 2023 have been restated to adjust for the overstatement of retained profits amounting to RM37,770 and RM96,115 respectively due to omission of back-office charges expenses charged by the holding company.

Prior year adjustment 4 - The financial statements as at 1 April 2022 and 31 March 2023 have been restated to adjust for the understatement of current tax liability amounting to RM37,770 and RM10,341 respectively due to omission of back-office charges expenses charged by the holding company.

Prior year adjustment 4 - The financial statements as at 31 March 2023 has been restated to adjust for the overstatement of current tax assets amounting to RM85,774 due to omission of back-office charges expenses charged by the holding company.

Statement of Profit or Loss and Other Comprehensive Income

Prior year adjustment 1 - The financial statements for the financial year ended 31 March 2023 has been restated to adjust for the understatement of administrative expenses amounting to RM243,104 due to omission of ESOS expenses.

Prior year adjustment 3 - The financial statements for the financial year ended 31 March 2023 has been restated to adjust for the overstatement of cost of sales amounting to RM243,104 due to omission of back-office charges expenses charged by the holding company.

Prior year adjustment 4 - The financial statements for the financial year ended 31 March 2023 has been restated to adjust for the understatement of income tax expense amounting to RM58,345 due to omission of back-office charges expenses charged by the holding company.

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26. PRIOR YEAR ADJUSTMENTS (CONT'D)

The prior year adjustments represents the following:

	As previously reported RM	Effect of prior year adjustment 1 RM	Effect of prior year adjustment 2 RM	Effect of prior year adjustment 3 RM	Effect of prior year adjustment 4 RM	As restated RM
As at 1.4.2022						
Statement of Financial Position						
(Extract):						
Retained profits	1,329,686	(157,374)	-	157,374	(37,770)	1,291,916
Equity contribution from holding company	-	157,374	(157,374)	-	-	-
Amount owing to holding company	1,287,811	-	157,374	(157,374)	-	1,287,811
Current tax liability	97,103	-	-	-	37,770	134,873
As at 31.3.2023						
Statement of Financial Position						
(Extract):						
Retained profits	1,927,066	(400,478)	-	400,478	(96,115)	1,830,951
Equity contribution from holding company	-	400,478	(400,478)	-	-	-
Amount owing to holding company	899,901	-	400,478	(400,478)	-	899,901
Current tax assets	85,774	-	-	-	(85,774)	-
Current tax liability	-	-	-	-	10,341	10,341

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26. PRIOR YEAR ADJUSTMENTS (CONT'D)

The prior year adjustments represents the following: (Cont'd)

**Financial year ended 31.3.2023
Statement of Profit and Loss and
Other Comprehensive Income
(Extract):**

	As previously reported RM	Effect of prior year adjustment 1 RM	Effect of prior year adjustment 2 RM	Effect of prior year adjustment 3 RM	Effect of prior year adjustment 4 RM	As restated RM
Cost of sales	(6,013,164)	-	-	243,104	-	(5,770,060)
Administrative expenses	(4,022,204)	(243,104)	-	-	-	(4,265,308)
Income tax expense	(250,976)	-	-	-	(58,345)	(309,321)