

Registration No: 201601007727 (1178655 - U)

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

FINANCIAL REPORT
for the financial year ended 31 March 2026

Registration No: 201601007727 (1178655 - U)

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.

(Incorporated in Malaysia)

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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 2026.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of providing Registrar and Transfer Agency Services and Portfolio Services for market intermediaries, providing Application Service Provider (ASP), Software As A Service (SaaS) and/or with Business Process Outsourcing (BPO) and engaging 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	629,548
Attributable to:- Owners of the Company	629,548

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 no allowance for impairment losses on receivables is required.

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 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:-

Venkata Satyanaga Sreekanth Nadella
Quah Meng Kee
Izkandar Edward Heylett Bin Noor Haitham Bloy
Rajat Mangla
Dhawal Rajendra Bhathawala

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 1.4.2025	Bought	Sold	At 31.3.2026
The Company				
<i>Direct interest</i>				
Venkata Satyanaga Sreekanth Nadella	1	-	-	1
		Number of Options under ESOP		
	At 1.4.2025	Bought	Sold	At 31.3.2026
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" section 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 25(b) 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	498,521
Defined contribution benefits	67,391
	<hr/>
	565,912
	<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

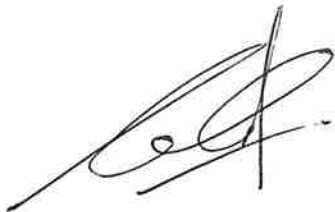
AUDITORS

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

The auditors' remuneration of the Company for the financial year was RM15,400.

Signed in accordance with a resolution of the directors dated 27 April 2026.


Venkata Satyanaga Sreekanth Nadella



Quah Meng Kee

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

**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 43 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2026 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 27 April 2026.


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. Z7381735, 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 43 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. Z7381735,
at Hyderabad,
in India
on this 27 April 2026


Venkata Satyanaga Sreekanth Nadella

Before me

ATTESTED


S. ANNA RAO
NOTARY ADVOCATE
H.No.4-7-02, Bala Nagar, SARGANREDDY (M & Dist.)
TELANGANA STATE
Cell : 9966266570
Commission will be Expired on 15-July-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 2026, 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 43.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2026, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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, IFRS Accounting 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
03525/08/2026 J
Chartered Accountant

Kuala Lumpur

27 April 2026

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

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2026

	Note	2026 RM	2025 RM
ASSETS			
NON-CURRENT ASSETS			
Equipment	6	80,364	49,643
Right-of-use asset	7	224,350	469,096
		<u>304,714</u>	<u>518,739</u>
CURRENT ASSETS			
Trade receivables	8	2,923,661	1,723,130
Other receivables, deposits and prepayments	9	225,377	259,790
Contract assets	10	440,883	416,169
Amount owing by holding company	11	44,202	158,990
Amount owing by related companies	12	539,777	-
Current tax assets		61,903	317,285
Fixed deposits with licensed banks	13	2,217,740	-
Cash and bank balances		782,726	2,743,727
		<u>7,236,269</u>	<u>5,619,091</u>
TOTAL ASSETS		<u>7,540,983</u>	<u>6,137,830</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	1,000,000	1,000,000
Retained profits		3,815,887	3,186,339
TOTAL EQUITY		<u>4,815,887</u>	<u>4,186,339</u>
NON-CURRENT LIABILITIES			
Lease liability	15	-	228,468
Deferred tax liabilities	16	5,226	-
		<u>5,226</u>	<u>228,468</u>
CURRENT LIABILITIES			
Other payables and accruals	17	733,096	572,703
Contract liabilities	10	113,622	196,956
Amount owing to holding company	11	1,644,684	712,081
Lease liability	15	228,468	241,283
		<u>2,719,870</u>	<u>1,723,023</u>
TOTAL LIABILITIES		<u>2,725,096</u>	<u>1,951,491</u>
TOTAL EQUITY AND LIABILITIES		<u>7,540,983</u>	<u>6,137,830</u>

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026**

	Note	2026 RM	2025 RM
REVENUE	18	13,458,359	13,137,142
COST OF SALES	19	(6,425,782)	(6,125,238)
GROSS PROFIT		7,032,577	7,011,904
OTHER INCOME		108,064	30,565
ADMINISTRATIVE EXPENSES	20	(5,810,928)	(5,668,969)
OTHER EXPENSES	21	(308,139)	(384,206)
FINANCE COSTS	22	(12,199)	(3,997)
PROFIT BEFORE TAXATION		1,009,375	985,297
INCOME TAX EXPENSE	23	(379,827)	(193,518)
PROFIT AFTER TAXATION		629,548	791,779
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		629,548	791,779
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-			
Owners of the Company		629,548	791,779
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-			
Owners of the Company		629,548	791,779

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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026**

	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 1.4.2024	1,000,000	2,394,560	3,394,560
Profit after taxation/Total comprehensive income for the financial year	-	791,779	791,779
Balance as at 31.3.2025/1.4.2026	1,000,000	3,186,339	4,186,339
Profit after taxation/Total comprehensive income for the financial year	-	629,548	629,548
Balance at 31.3.2026	1,000,000	3,815,887	4,815,887

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

	Note	2026 RM	2025 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,009,375	985,297
Adjustments for:-			
Bad debts written off		-	17,680
Depreciation of equipment		40,171	66,014
Depreciation of right-of-use asset		244,746	240,059
Interest expense on lease liability		12,199	3,997
Interest income		(23,642)	-
Share options granted by holding company		64,369	134,833
Operating profit before working capital changes		1,347,218	1,447,880
Increase in contract assets		(24,714)	(329,651)
(Decrease)/Increase in contract liabilities		(83,334)	19,765
(Increase)/Decrease in trade and other receivables		(1,166,118)	357,975
Increase in other payables		160,393	195,592
Increase/(Decrease) in amount owing to holding company		868,234	(295,264)
CASH FROM OPERATIONS		1,101,679	1,396,297
Income tax paid		(356,185)	(377,875)
Income tax refunded		236,966	-
NET CASH FROM OPERATING ACTIVITIES		982,460	1,018,422
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Purchase of equipment	24(a)	(70,892)	(23,460)
Repayment from holding company		114,788	220,819
(Advances to)/Repayment from a related company		(539,777)	23,222
Placement of fixed deposits with a tenure of more than 3 months		(2,217,740)	-
Interest received		23,642	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(2,689,979)	220,581
CASH FLOWS FOR FINANCING ACTIVITIES			
Interest paid	24(b)	(12,199)	(3,997)
Repayment of lease liability	24(b)	(241,283)	(251,080)
NET CASH FOR FINANCING ACTIVITIES		(253,482)	(255,077)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,961,001)	983,926
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		2,743,727	1,759,801
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	24(c)	782,726	2,743,727

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026**

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 27 April 2026.

2. 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.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of providing Registrar and Transfer Agency Services and Portfolio Services for market intermediaries, providing Application Service Provider (ASP), Software As A Service (SaaS) and/or with Business Process Outsourcing (BPO) and engaging 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.

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026**

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"), IFRS Accounting 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)

Amendments to MFRS 121: Lack of Exchangeability

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

- 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 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: Translation to a Hyperinflationary Presentation Currency	1 January 2027
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
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 except as follows:-

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard sets out the new requirements for the presentation and disclosure of information in the primary financial statements and notes. The potential impact of the new standard on the financial statements of the Company has yet to be assessed.

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026**

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.

KFIN TECHNOLOGIES (MALAYSIA) SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026**

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 amounts 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 (probability of default) and expected loss if a default happens (loss given default). 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 related companies as at the reporting date are disclosed in Notes 9, 11 and 12 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)

Key Sources of Estimation Uncertainty (Cont'd)

(f) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Company uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Company 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 Company estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

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:

(a) 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).

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5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.2 FINANCIAL INSTRUMENTS

(a) Financial Assets

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.

(b) Financial Liabilities

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 equipment are initially measured at cost.

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

Depreciation on 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 ASSET AND LEASE LIABILITY

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

The Company applies the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Company recognises 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 Asset

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

The right-of-use asset is 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 asset or the end of the lease term.

(c) Lease Liability

Lease liability is 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 liability is measured at amortised cost and adjusted for any lease reassessment or modifications.

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5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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.

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.

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6. EQUIPMENT

	At 1.4.2025 RM	Additions (Note 24(a)) RM	Depreciation Charges (Note 21) RM	At 31.3.2026 RM
2026				
<i>Carrying Amount</i>				
Computer software	11,461	30,750	(16,572)	25,639
Computers	28,553	40,142	(17,217)	51,478
Furniture and fixtures	1,173	-	(1,173)	-
Office equipment	8,456	-	(5,209)	3,247
	<u>49,643</u>	<u>70,892</u>	<u>(40,171)</u>	<u>80,364</u>
	At 1.4.2024 RM	Additions (Note 24(a)) RM	Depreciation Charges (Note 21) RM	At 31.3.2025 RM
2025				
<i>Carrying Amount</i>				
Computer software	23,944	-	(12,483)	11,461
Computers	33,569	23,460	(28,476)	28,553
Furniture and fixtures	13,268	-	(12,095)	1,173
Leasehold improvements	7,183	-	(7,183)	-
Office equipment	14,233	-	(5,777)	8,456
	<u>92,197</u>	<u>23,460</u>	<u>(66,014)</u>	<u>49,643</u>

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6. EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2026			
Computer software	68,209	(42,570)	25,639
Computers	166,436	(114,958)	51,478
Furniture and fixtures	36,248	(36,248)	-
Leasehold improvements	31,089	(31,089)	-
Office equipment	24,309	(21,062)	3,247
	<u>326,291</u>	<u>(245,927)</u>	<u>80,364</u>
2025			
Computer software	50,539	(39,078)	11,461
Computers	219,276	(190,723)	28,553
Furniture and fixtures	43,740	(42,567)	1,173
Leasehold improvements	307,281	(307,281)	-
Office equipment	33,986	(25,530)	8,456
	<u>654,822</u>	<u>(605,179)</u>	<u>49,643</u>

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7. RIGHT-OF-USE ASSET

	At 1.4.2025 RM	Depreciation Charges (Note 21) RM	At 31.3.2026 RM	
2026				
<i>Carrying Amount</i>				
Office premise	469,096	(244,746)	224,350	
<hr/>				
	At 1.4.2024 RM	Modification of Lease Liabilities (Notes 15 and 24(b)) RM	Depreciation Charges (Note 21) RM	At 31.3.2025 RM
2025				
<i>Carrying Amount</i>				
Office premise	219,663	489,492	(240,059)	469,096
<hr/>				

The Company has entered into a lease contract for the office premise in its operations. The lease term is for 2 (2025 – 2) years.

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8. TRADE RECEIVABLES

	2026 RM	2025 RM
Third parties	2,923,661	1,723,130
Allowance for impairment losses:-		
At 1 April	-	(121,621)
Written off during the financial year	-	121,621
At 31 March	-	-

The Company's normal trade credit term is 30 (2025 - 30) days. Other credit terms are assessed and approved on a case-by-case basis.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2026 RM	2025 RM
Other receivables:-		
Third parties	23,869	46,486
Deposits	110,604	109,024
Prepayments	90,904	104,280
	225,377	259,790

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10. CONTRACT ASSETS/(LIABILITIES)

	2026 RM	2025 RM
Contract Assets		
Contract assets relating to rendering of services	440,883	416,169
Allowance for impairment losses:-		
At 1 April	-	(122,673)
Written off during the financial year	-	122,673
At 31 March	-	-

Contract Liabilities

Contract liabilities relating to rendering of services	(113,622)	(196,956)
--	-----------	-----------

- (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 (2025 - 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 (2025 - 1 to 10) months.
- (c) The changes to contract assets and contract liabilities balances during the financial year are summarised below:

	2026 RM	2025 RM
At 1 April	219,213	(90,673)
Revenue recognised in profit or loss	13,458,359	13,137,142
Billings to customers during the financial year	(13,236,689)	(12,752,973)
Advance consideration received from customers during the financial year	(113,622)	(196,956)
Written off during the financial year	-	122,673
At 31 March	327,261	219,213
Represented by:		
Contract assets	440,883	416,169
Contract liabilities	(113,622)	(196,956)
	327,261	219,213

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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:-

	2026 RM	2025 RM
Within 1 year	113,622	196,956

11. AMOUNTS OWING BY/(TO) HOLDING COMPANY

	2026 RM	2025 RM
<u>Current</u> Non-trade balance	44,202	158,990
<u>Current</u> Trade balance	(1,644,684)	(712,081)

- (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 (2025 - 90) days. The amount owing is to be settled in cash.

12. AMOUNT OWING BY RELATED COMPANIES

	2026 RM	2025 RM
<u>Current</u> Non-trade balance	539,777	-

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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13. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Company at the end of the reporting period bore effective interest rates ranging from 2.10% to 2.45% (2025 - nil) per annum. The fixed deposits have maturity period of 6 to 12 (2025 - nil) months for the Company.

14. SHARE CAPITAL

	2026 Number of Shares	2025 Number of Shares	2026 RM	2025 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.

15. LEASE LIABILITY

	2026 RM	2025 RM
At 1 April	469,751	231,339
Interest expense recognised in profit or loss (Note 22)	12,199	3,997
Changes due to lease modification (Notes 7 and 24(b))	-	489,492
Repayment of principal	(241,283)	(251,080)
Repayment of interest expense	(12,199)	(3,997)
At 31 March	228,468	469,751
Analysed by:-		
Current liability	228,468	241,283
Non-current liability	-	228,468
	228,468	469,751

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16. DEFERRED TAX LIABILITIES

	At 1 April 2025 RM	Recognised in Profit or Loss (Note 23) RM	At 31 March 2026 RM
2026			
<i>Deferred Tax Liabilities</i>			
Equipment	-	5,226	5,226

17. OTHER PAYABLES AND ACCRUALS

	2026 RM	2025 RM
Sales and service tax payables	358,765	335,720
Other payables	198,038	3,379
Accruals	176,293	233,604
	<u>733,096</u>	<u>572,703</u>

18. REVENUE

	2026 RM	2025 RM
<u>Revenue recognised at a point in time</u>		
Rendering of services	11,420,320	11,019,130
<u>Revenue recognised over time</u>		
Rendering of services	2,038,039	2,118,012
	<u>13,458,359</u>	<u>13,137,142</u>

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19. COST OF SALES

	2026 RM	2025 RM
Back office charges from holding company	6,274,740	5,922,162
Miscellaneous cost of sales	151,042	203,076
	<u>6,425,782</u>	<u>6,125,238</u>

20. ADMINISTRATIVE EXPENSES

	2026 RM	2025 RM
Included are the following items:		
Auditors' remuneration:		
- statutory	15,400	15,400
- limited review	25,000	24,000
Bad debts written off	-	17,680
Directors' non-fee emoluments:		
- salaries, bonuses and other benefits	498,521	632,552
- defined contribution benefits	67,391	80,346
Share options granted by holding company	64,369	134,833
Staff costs:		
- salaries, bonuses and allowances	4,105,253	3,079,794
- defined contribution benefits	320,025	259,950
- others	274,968	227,572
	<u>4,468,927</u>	<u>4,385,047</u>

21. OTHER EXPENSES

	2026 RM	2025 RM
Included are the following items:		
Depreciation:		
- equipment (Note 6)	40,171	66,014
- right-of-use asset (Note 7)	244,746	240,059
Realised loss on foreign exchange	23,222	60,453
	<u>308,139</u>	<u>366,526</u>

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22. FINANCE COSTS

	2026 RM	2025 RM
Interest expense on lease liability	12,199	3,997

23. INCOME TAX EXPENSE

	2026 RM	2025 RM
Current tax expense	273,432	246,954
Under/(Over)provision in the previous financial year	101,169	(53,436)
	<u>374,601</u>	<u>193,518</u>
Deferred tax (Note 16) - origination and reversal of temporary differences	5,226	-
	<u>379,827</u>	<u>193,518</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:-

	2026 RM	2025 RM
Profit before taxation	1,009,375	985,297
Tax at the statutory tax rate of 24% (2025 - 24%)	242,250	236,471
Tax effects of:-		
Non-deductible expenses	36,408	62,369
Non-taxable income	-	(1,371)
Utilisation of deferred tax assets previously not recognised	-	(50,515)
Under/(Over)provision of current tax in the previous financial year	101,169	(53,436)
	<u>379,827</u>	<u>193,518</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2025 - 24%) of the estimated assessable profit for the financial year.

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24. CASH FLOW INFORMATION

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

	2026 RM	2025 RM
Equipment		
Cost of equipment purchased (Note 6)	70,892	23,460

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

	2026 RM	2025 RM
Lease liability		
At 1 April	469,751	231,339
<u>Changes in Financing Cash Flows</u>		
Repayment of principal	(241,283)	(251,080)
Repayment of interests	(12,199)	(3,997)
	(253,482)	(255,077)
<u>Non-cash Changes</u>		
Interest expense recognised in profit or loss (Note 22)	12,199	3,997
Modification of leases (Notes 7 and 15)	-	489,492
	12,199	493,489
At 31 March	228,468	469,751

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

	2026 RM	2025 RM
Fixed deposits with licensed banks	2,217,740	-
Cash and bank balances	782,726	2,743,727
	3,000,466	2,743,727
Less: Fixed deposits with tenure of more than 3 months	(2,217,740)	-
	782,726	2,743,727

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25. RELATED PARTY DISCLOSURES

(a) Holding Company

The holding company is disclosed in Note 2 to the financial statements.

(b) Significant Related Party Transactions and Balances

The Company also carried out the following significant transactions with the related parties during the financial year:-

	2026	2025
	RM	RM
Holding company		
Back office charged by holding company	6,274,740	5,922,162
Repayment of back office charges to holding company	(5,306,561)	(6,147,253)
Repayment of ESOP expenses	-	(70,173)
	<u> </u>	<u> </u>

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.

26. FINANCIAL INSTRUMENTS

The activities of the Company 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 overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

26.1 FINANCIAL RISK MANAGEMENT POLICIES

The 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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26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 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 receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts nor the 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 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

At the end of the reporting period, the Company's major concentration of credit risk relates to the amounts owing by 5 (2025 - 5) customers which constituted approximately 81% (2025 - 85%) of its trade receivables.

(ii) Maximum 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).

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26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

The Company have 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 receivables. The Company closely monitor the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Company evaluate 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 the 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;
- or
- 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.

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26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

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 contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Company concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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 (2025 - 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.

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

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26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 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

	Gross Amount RM	Lifetime Collective Allowance RM	Carrying Amount RM
2026			
Current (not past due)	1,582,258	-	1,582,258
1 to 30 days past due	1,042,574	-	1,042,574
31 to 60 days past due	281,009	-	281,009
61 to 90 days past due	17,820	-	17,820
Credit impaired	-	-	-
Trade receivables	2,923,661	-	2,923,661
Contract assets	440,883	-	440,883
	3,364,544	-	3,364,544
2025			
Current (not past due)	1,073,420	-	1,073,420
1 to 30 days past due	649,710	-	649,710
31 to 60 days past due	-	-	-
61 to 90 days past due	-	-	-
Credit impaired	-	-	-
Trade receivables	1,723,130	-	1,723,130
Contract assets	416,169	-	416,169
	2,139,299	-	2,139,299

The Company believes that no impairment allowance is necessary in respect of its trade receivables and contract assets because the probability of default by these receivables was negligible.

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26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 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 Related Companies (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 related companies.

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
Non-performing:	There is evidence indicating the receivable is credit impaired or more than 90 days past due	Lifetime expected credit losses

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26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 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 Related Companies (Non-trade Balance) (Cont'd)

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 an individual basis. The remaining receivables are grouped based on shared credit risk characteristics and assessed on a 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).

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.

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26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 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 Related Companies (Non-trade Balance) (Cont'd)

Allowance for Impairment Losses

	Gross Amount RM	12-month Loss Allowance RM	Carrying Amount RM
2026			
Low credit risk	607,848	-	607,848
2025			
Low credit risk	205,476	-	205,476

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

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Company considers the licensed banks to be of low credit risk. In addition, some of the bank balances are insured by Government agencies. Therefore, the Company is of the view that the loss allowance is immaterial and is therefore not provided for.

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26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities. In addition, the holding company has undertaken to provide continued financial support to meet its 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 Interest Rate (%)	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2026					
<u>Non-derivative Financial Liabilities</u>					
Other payables and accruals	-	374,331	374,331	374,331	-
Amount owing to holding company	-	1,644,684	1,644,684	1,644,684	-
Lease liability	3.39	228,468	232,358	232,358	-
		2,247,483	2,251,373	2,251,373	-
2025					
<u>Non-derivative Financial Liabilities</u>					
Other payables and accruals	-	236,983	236,983	236,983	-
Amount owing to holding company	-	712,081	712,081	712,081	-
Lease liability	3.39	469,751	485,840	253,482	232,358
		1,418,815	1,434,904	1,202,546	232,358

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26. FINANCIAL INSTRUMENTS (CONT'D)

26.2 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to maintain 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.

26.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2026 RM	2025 RM
Financial Assets		
<u>Amortised Cost</u>		
Trade receivables	2,923,661	1,723,130
Other receivables	23,869	46,486
Amount owing by holding company	44,202	158,990
Amount owing by related companies	539,777	-
Fixed deposits with licensed banks	2,217,740	-
Cash and bank balances	782,726	2,743,727
	<u>6,531,975</u>	<u>4,672,333</u>
Financial Liabilities		
<u>Amortised Cost</u>		
Other payables and accruals	374,331	236,983
Amount owing to holding company	1,644,684	712,081
	<u>2,019,015</u>	<u>949,064</u>

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26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 GAINS ARISING FROM FINANCIAL INSTRUMENTS

	2026 RM	2025 RM
Financial Assets		
<u>Amortised Cost</u>		
Net gains recognised in profit or loss	23,642	-

26.5 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.