CIRCLE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Cayman Islands)
(ARBN 621 001 296)

APPENDIX 3
INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2022

HALF-YEAR REPORT

Results for Announcement to the Market

Reporting Period: Half year from 1 January 2022 to 30 June 2022
Previous Corresponding Period: Half year from 1 January 2021 to 30 June 2021

Key Information

30 June 2022	Half-year Ended	
Revenue from ordinary activities	Up >100%	from NIL to AUD$ 26,400,000
(Loss)/Profit after tax from ordinary activities	Up >100%	from AUD$(100,000) to AUD$ 700,000
Net (loss)/profit attributable to members	Up >100%	from AUD$(100,000) to AUD$ 700,000

Explanation of Key Information and Dividend

No dividends were paid or proposed during the half-year ended 30 June 2022.

Earnings / (loss) per Share		(As announced on 23 June 2022)
	Half-Year ended 30 June 2022	Half-Year ended 30 June 2021
	cents/Share	cents/Share
Basic earnings / (loss) per share	0.08	(0.05)
Diluted earnings / (loss) per share	0.08	(0.05)

Net Tangible Assets per Share		(As announced on 23 June 2022)
	Half-Year ended 30 June 2022	Half-Year ended 30 June 2021
	cents/Share	cents/Share
	0.51	(1.48)

Directors' Report

The directors submit the financial report of the Group for the 6-month financial period ended 30 June 2022 ("1H22").

General information

Director
The directors in office during the financial period and the period from the end of the financial period to the date of this report are:

Chong Kur Sen
Hee Chee Keong
Jerome Augustus Bateman

Principal activity and significant changes in nature of the activity
Circle International Holdings Limited has been operational in information and communications technology (ICT) distribution and services since its principal operating subsidiaries, MPS Telecommunication Sdn Bhd (“MPS”) and One Mobile Care Sdn Bhd (“OMC”) were acquired into the Group in January 2022. The Group is principally engaged in repairing and servicing of ICT products and distribution and supply of ICT products.

Changes in the composition of the Company
The acquisition of the entire equity interest in One Mobile Care Sdn. Bhd. ("OMC") was completed during the financial period for a total consideration of AUD2,238,048. This consideration was satisfied by issuing 450,288,135 new ordinary shares at AUD0.005 per share.

The acquisition of the entire equity interest of MPS was completed during the financial period for a total consideration of AUD1,329,390. This consideration was satisfied by issuing 267,469,071 new ordinary shares at AUD0.005 per share.

After the above new share issuances, the Company's total paid-up equity share capital is 897,757,606, and the total share issuance to OMC is 450,288,135, which is circa 50% of the Company's share capital and subsequently the major shareholder of the Company.

The Auditor has stated firmly, even after several discussions on this issue, that they interpret the International Financial Reporting Standards ("IFRS") - IFRS 3 Business Combination, is such that OMC (the legal subsidiary in this transaction) **requires that it must be accounted, to indicate that OMC is the acquirer and the Company accounted as the acquiree.**

This issue has led to several days of delay as the NOMAD and the Board sought to obtain clarification of that the real growth in the combined entities OMC and MPS are somewhat “hidden” at stages, including in this Appendix 3C, because there is an overperformance (comparing the current OMC, MPS and parent, with the former OMC only, results in reporting 300% profit and 700% revenue changes within of a single half year.

The Board believes that an appropriate comparison for this period is pure with the prior OMC and MPS, when they were independent companies for the half year 30 June 2021 before their acquisition on 1 January 2022 after the issue of a negligible fraction below 80% of the enlarged Company.

The Company has recently provided the NSX with full-year audited financials of OMC and MPS for 2021, as prepared by the now auditors. Doing so was a critical step in the Company’s reinstatement bid.

The Board further attaches **the MPS and OMC for 2021 in Annexure A** to this Audited 2022 Half-Year Report for full transparency.

In any event, the comparative figures in the audited interim report are reported to reflect the OMC for the period of 1 January 2021 to 30 June 2021, together with the Company’s former audited half-year financials, which consisted of an audited of the half-year from the period the parent held different subsidiaries.

The Board’s primarily concerned with the comparison has resulted in distorted comparisons as it compares only an estimate of the 1HY2021 for the full year audited financials of OMC only (albeit not consolidated). MPS has numerous characteristics that make avoiding it in any comparison difficult for the ordinary investor to discern, not least because:

1. MPS has virtually 30% of the enlarged Company (29.78%).
2. MPS simply has a different financial and business model.
3. Once diluted, the combination of MPS and OMC would result in sharp contrasts in results across the following high-level metrics.

They include the following critical financial characteristics. Therefore, when comparing a company not having undergone a restructure the prior year would be comparing true “apples to apples”, allowing for a more meaningful comparison of the following key metrics:

a. Revenues.
b. The asset profile.
c. The liability profile.
d. Profits (before tax).
e. Profits (after tax).
f. Cents per share i.e., $0.01).

Comparing the Group against the pre-restructure Group as reported on the NSX.

Review of Operations
The Group generated AUD$26.40M in revenue for the first half of 2022 ("1H22") compared to the previous Circle Group six-month financial period ended 30 June 2021, where nil revenue has been earned, noting the Group was loss-making again in 2021.

ICT distribution income
The Restructured Group generated AUD$21,160,000 revenue from sales of Circle subsidiary consumer products 1H2022.

ICT services income
The (Restructured) Group generated AUD$5,260,000 revenue from repairing and servicing Circle subsidiary products during H12022.

The Group recorded a profit after taxation of **AUD$689,611** in the first 1H2022 in contrast with **loss-after taxation of (AUD$90,078) in 1H2021** of the prior structured Group.

The total equity increased from an adverse AUD$2,700,000 on 30 June 2021 to a positive AUD$4,600,000 in the corresponding 1H2022, following the shareholder-approved injection of both OMC and MPS that technically occurred on 1 January 2022.

The total equity has increased by AUD$1,000,000 from AUD$3,600,000 as indicative values from the Independent Evaluation Report (**IER**), which was prepared to provide a relative acquisition price of each of the newly acquired subsidiaries reported on page 7 of the Interim Financial Statements 1H2022 (“Investment in subsidiaries” under Company level column).

The comparison between the Group's 1H2022 (the current post-structured Group) and 1H2021 results (the previously structured Group), published on 23 June 2022, is shown at a high level in the table below.

Period	(As per Interim Financial Statements) 1 January 2022 - 30 June 2022 ($AUD) {'000}	**OMC *plus* MPS** **1 January 2022 – 30 June 2022 ($AUD)** ('000)	(Published on NSX on 23 June 2022) 1 January 2021 – 30 June 2021 ($AUD) ('000)
Group components	**Post-Structure Group**	**Pre-Restructure individual entities combined, and figures inserted were practical purely for comparative purposes. See Notes 1 & 2.**	Group of companies (**Pre-Restructure**)
Revenue	26,400	26,300	Nil
Cost of sales	(23,900)	(24,400)	Nil
Other income	4,500	(400)	Nil
Gross Profit	2,500	1,900	NIL
Admin Expenses	(1,500)	(1,100)	(100)
Other Expenses	(4,200)	(270)	Nil
Finance Costs	(300)	(300)	Nil
Profit/(loss) before tax	1,200	(700)	(100)
Taxation	(500)	(800)	Nil
Profit/(loss) after tax	700	600	(100)

Note:

1. Period 01.01.2021 to 30.06.2021 just combined figures of MPS and OMC without consolidation.
2. Period 01.01.2022 to 30.06.2022 are figured as per audited interim financial statements.

Significant Changes in the State of Affairs

The Group has performed well during this period to date, with COVID having a minimal impact on the Group's core business. The significant change during the period is the acquisition of two new subsidiaries, which mainly contribute to the tremendous financial performance of the Group.

Likely Developments and Expected Results of Strategies and Business Operations

The Group expect to continue its performance during the second half of the financial year 2022. Besides the existing business portfolio, the Group intends to extend its business by increasing outlets via the new Company's in-house brand Neo Connect through Malaysia. Improvements in the Neo Connect distribution to reduce cost plus increase outlets and revenue from the support to major brands Samsung RealMe should improve the financial performance of this (Restructured) Group by the end of 2022.

CIRCLE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Cayman Islands)
(ARBN: 621 001 296)

INTERIM FINANCIAL STATEMENTS
For the 6-month Financial Period Ended 30 June 2022

CIRCLE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Cayman Islands)
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CONTENTS

Circle International Holdings Limited
(ARBN: 621 001 296)

CORPORATE INFORMATION

1. **Registered Office**
   Suite 14/3 Gladstone Parade, Lindfield,
   NSW 2070 Australia.

2. **Malaysia Mailing Address**
   Lot 6-002, Endah Parade,
   No. 1, Jalan 1/149E, Sri Petaling,
   57000 Kuala Lumpur,
   Wilayah Persekutuan Kuala Lumpur,
   Malaysia.

3. **Company Secretary and Nomad in Australia**
   Karma Lawyers
   Suite 14/3 Gladstone Parade, Lindfield,
   NSW 2070 Australia.

4. **Share Registry**
   Computershare Investor Services Pty. Ltd.
   Level 11, 172 St Georges Terrace Perth,
   WA 6000 Australia.

5. **Auditors**
   Tong & Associates
   Chartered Accountants [AF 002034]
   E-03-01, Pacific Place Commercial Centre,
   Jalan PJU 1A/4, Ara Damansara,
   47301 Petaling Jaya,
   Selangor Darul Ehsan, Malaysia.

Circle International Holdings Limited
(ARBN: 621 001 296)

Directors' Report

The directors submit the financial report of the Group for the 6-month financial period ended 30 June 2022 ("1H22").

General information

Directors

The directors in office during the financial period and during the period from the end of the financial period to the date of this report are:

Chong Kur Sen
Hee Chee Keong
Jerome Augustus Bateman

Principal activity and significant changes in nature of the activity

Circle International Holdings Limited has been operational in information and communications technology ("ICT") distribution and services since its main operating subsidiaries, MPS Telecommunication Sdn. Bhd. ("MPS") and One Mobile Care Sdn. Bhd. ("OMC") were acquired into the Group in January 2022. The Group is principally engaged in repairing and servicing of ICT products and distribution and supply of ICT products.

Review of Operations

The Group overall generated AUD26.4 million revenue for the 1H22 compared to the previous corresponding 6-month financial period ended 30 June 2021, with total revenue of AUD4.0 million. The Group has recorded a net profit after taxation of AUD689,611 (30 June 2021: profit after taxation of AUD182,885); the net profit after taxation was mainly contributed by the two subsidiaries during the 1H22.

ICT distribution income

The Group generated AUD21.16 million revenue for the 1H22 from the sales of consumer products. It has recorded a gross profit of AUD1,255,313 and profit before taxation of AUD1,059,469 during the 1H22.

ICT services income

The Group generated AUD5.26 million revenue for the 1H22 from the repairing and servicing of ICT products. It has recorded a gross profit of AUD1,303,884 and profit before taxation of AUD402,867 during the 1H22.

Circle International Holdings Limited
(ARBN: 621 001 296)

Significant Changes in the State of Affairs

The Group has performed well during this period to date, with COVID having a minimal impact to the Group's core business.

The significant change during the period is the acquisition of two new subsidiaries which mainly contribute to the great financial performance of the Group.

Likely Developments and Expected Results of Strategies and Business Operations

The Group expects to continue its performance during the second half of the financial year 2022. Other than existing business portfolio, the Group is actively looking to expand its business by increasing the outlets via its in-house brand Neo Connect throughout the whole Malaysia. This would improve the financial performance of the Group by the end of the year 2022.

Circle International Holdings Limited
(ARBN: 621 001 296)

STATEMENT BY DIRECTORS

The directors of **CIRCLE INTERNATIONAL HOLDINGS LIMITED** stated that, in their opinion, the accompanying financial statements are drawn up in accordance with International Accounting Standard, IAS 34: Interim Financial Reporting so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and of their financial performance and cash flows for the 6-month financial period ended on that date.

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

HEE CHEE KEONG **JEROME AUGUSTUS BATEMAN**

Malaysia
Date: 12 SEP 2022

ETH

Tong & Associates
Chartered Accountants [AF 002034]

E-03-01, Pacific Place Commercial Centre,
Jalan PJU 1A/4, Ara Damansara,
47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel. no. +603 7493 4097
www.ethconsulting.com.my
audit@ethconsulting.com.my

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)
ARBN: 621 001 296

We have reviewed the accompanying consolidated statement of financial position of Circle International Holdings Limited as at 30 June 2022 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 6-month financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 44.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard, IAS 34: Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, and of their financial performance and their cash flows for the 6-month financial period ended in accordance with International Accounting Standard, IAS 34: Interim Financial Reporting.

ARBN: 621 001 296

Other Matters

This report is made solely to the directors of the Company, as a body, in accordance with NSX Listing Rules 6.10 of Section IIA and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Tong & Associates
TONG & ASSOCIATES
[AF 002034]
Chartered Accountants

WONG YEONG LEE
03328 / 09 / 2023 J
Chartered Accountant

Petaling Jaya,
Date: 12 September 2022

Circle International Holdings Limited
(ARBN: 621 001 296)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2022

	Note	Group 30.06.2022 AUD	Group 31.12.2021 AUD	Company 30.06.2022 AUD	Company 31.12.2021 AUD
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	3	-	-	3,567,438	3
Property, plant and equipment	4	463,000	52,788	-	-
Investment properties	5	6,931,605	300,155	-	-
Right-of-use assets	6	775,474	225,997	-	-
TOTAL NON-CURRENT ASSETS		8,170,079	578,940	3,567,438	3
CURRENT ASSETS					
Inventories	7	4,720,583	937,505	-	-
Trade and other receivables	8	5,556,215	2,771,634	470	20,749
Fixed deposits with a licensed bank	9	395,402	-	-	-
Cash and bank balances		1,178,663	172,720	-	-
TOTAL CURRENT ASSETS		11,850,863	3,881,859	470	20,749
TOTAL ASSETS		20,020,942	4,460,799	3,567,908	20,752
EQUITY AND LIABILITIES					
EQUITY					
Share capital	10	2,607,213	383,155	61,223,667	57,656,229
Reserves	11	1,958,961	1,310,288	(58,583,894)	(58,357,365)
TOTAL EQUITY		4,566,174	1,693,443	2,639,773	(701,136)
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred tax liabilities	12	130,676	-	-	-
Lease liabilities	13	383,587	38,843	-	-
Term loans	14	6,630,167	852,820	-	-
TOTAL NON-CURRENT LIABILITIES		7,144,430	891,663	-	-
CURRENT LIABILITIES					
Trade and other payables	15	3,390,217	404,351	928,135	721,888
Borrowings	16	3,000,784	1,088,413	-	-
Lease liabilities	13	478,395	214,796	-	-
Term loans	14	610,529	128,860	-	-
Bank overdraft	17	569,577	-	-	-
Current tax liabilities		260,836	39,273	-	-
TOTAL CURRENT LIABILITIES		8,310,338	1,875,693	928,135	721,888
TOTAL LIABILITIES		15,454,768	2,767,356	928,135	721,888
TOTAL EQUITY AND LIABILITIES		20,020,942	4,460,799	3,567,908	20,752

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

Circle International Holdings Limited
(ARBN: 621 001 296)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 6-month financial period ended 30 June 2022

		Group		Company	
	Note	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD
REVENUE	*18*	26,419,941	4,003,052	-	-
COST OF SALES		(23,860,744)	(3,180,810)	-	-
GROSS PROFIT		2,559,197	822,242	-	-
OTHER INCOME	*19*	4,533,994	254,897	-	-
ADMINISTRATIVE EXPENSES		(1,453,079)	(619,312)	(182,271)	(71,075)
OTHER EXPENSES	*20*	(4,171,657)	(170,449)	-	-
FINANCE COSTS	*21*	(308,091)	(78,357)	-	-
PROFIT/(LOSS) BEFORE TAXATION	*22*	1,160,364	209,021	(182,271)	(71,075)
INCOME TAX EXPENSE	*23*	(470,753)	(26,136)	-	-
PROFIT/(LOSS) AFTER TAXATION		689,611	182,885	(182,271)	(71,075)
OTHER COMPREHENSIVE EXPENSES					
Items that will be reclassified subsequently to profit or loss					
FOREIGN CURRENCY TRANSLATION DIFFERENCES		(40,938)	(13,211)	(44,258)	(13,185)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL PERIOD		648,673	169,674	(226,529)	(84,260)

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

Circle International Holdings Limited
(ARBN: 621 001 296)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 6-month financial period ended 30 June 2022

		Group		*Company*	
	Note	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD
PROFIT/(LOSS) AFTER TAXATION					
Attributable to:					
Owners of the Company		689,611	182,885	(182,271)	(71,075)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL PERIOD					
Attributable to:					
Owners of the Company		648,673	169,674	(226,529)	(84,260)
EARNINGS PER SHARE (CENTS)					
Basic and fully diluted	*25*	0.08	0.04		

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

Circle International Holdings Limited
(ARBN: 621 001 296)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6-month Financial Period Ended 30 June 2022

	Note	Share capital	Foreign exchange translation reserve	Retained profits	Total
Group		AUD	AUD	AUD	AUD
At 01 January 2021		383,155	(129,765)	1,395,731	1,649,121
Profit after taxation		-	-	182,885	182,885
Other comprehensive expenses for the financial period					
- effect of foreign currency translation differences		-	(13,211)	-	(13,211)
Total comprehensive income for the financial period		-	(13,211)	182,885	169,674
Contributions by and distributions to owners of the Company:					
- dividend	*26*	-	-	(315,378)	(315,378)
At 30 June 2021		383,155	(142,976)	1,263,238	1,503,417

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

Circle International Holdings Limited
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6-month Financial Period Ended 30 June 2022

Group	Note	Share capital	Foreign exchange translation reserve	Retained profits	Total
		AUD	AUD	AUD	AUD
At 01 January 2022		383,155	(96,200)	1,406,488	1,693,443
Profit after taxation		-	-	689,611	689,611
Other comprehensive expenses for the financial period					
- effect of foreign currency translation differences		-	(40,938)	-	(40,938)
Total comprehensive income for the financial period		-	(40,938)	689,611	648,673
Contributions by and distributions to owners of the Company:					
- reverse acquisition	*10*	894,668	-	-	894,668
- direct acquisition of a subsidiary	*10*	1,329,390	-	-	1,329,390
Total transactions with owners of the Company		2,224,058	-	-	2,224,058
At 30 June 2022		2,607,213	(137,138)	2,096,099	4,566,174

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

Circle International Holdings Limited
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6-month Financial Period Ended 30 June 2022

	Note	Share capital	Foreign exchange translation reserve	Accumulated losses	Total
Company		AUD	AUD	AUD	AUD
At 01 January 2021		57,656,229	33,060	(58,164,544)	(475,255)
Loss after taxation		-	-	(71,075)	(71,075)
Other comprehensive expenses for the financial period					
- Effect of foreign currency translation differences		-	(13,185)	-	(13,185)
Total comprehensive expenses for the financial period		-	(13,185)	(71,075)	(84,260)
At 30 June 2021		57,656,229	19,875	(58,235,619)	(559,515)
At 01 January 2022		57,656,229	(2,472)	(58,354,893)	(701,136)
Loss after taxation		-	-	(182,271)	(182,271)
Other comprehensive expenses for the financial period					
- Effect of foreign currency translation differences		-	(44,258)	-	(44,258)
Total comprehensive expenses for the financial period		-	(44,258)	(182,271)	(226,529)
Contributions by and distribution to owners of the Company:					
- reverse acquisition	*10*	2,238,048	-	-	2,238,048
- direct acquisition of a subsidiary	*10*	1,329,390	-	-	1,329,390
Total transactions with owners of the Company		3,567,438	-	-	3,567,438
At 30 June 2022		61,223,667	(46,730)	(58,537,164)	2,639,773

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

Circle International Holdings Limited
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CONSOLIDATED STATEMENT OF CASH FLOWS
for the 6-month financial period ended 30 June 2022

		Group		*Company*	
		01.01.2022 to 30.06.2022	01.01.2021 to 30.06.2021	01.01.2022 to 30.06.2022	01.01.2021 to 30.06.2021
	Note	AUD	AUD	AUD	AUD
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		1,160,364	209,021	(182,271)	(71,075)
Adjustments for:					
Depreciation of right-of-use assets		338,632	160,766	-	-
Depreciation on property, plant and equipment		36,292	9,683	-	-
Impairment losses on goodwill		3,796,733	-	-	-
Interest expenses		308,091	78,357	-	-
Fair value gain on investment properties		(466,085)	-	-	-
Gain on disposal of subsidiaries		(2,200,926)	-	-	-
Interest income		(3,585)	-	-	-
Negative goodwill on consolidation		(1,476,107)	-	-	-
Operating profit/(loss) before working capital changes		1,493,409	457,827	(182,271)	(71,075)
(Increase)/Decrease in inventories		(1,441,973)	38,318	-	-
Decrease/(Increase) in trade and other receivables		425,903	173,100	20,279	(431)
(Decrease)/Increase in trade and other payables		(566,018)	255,439	161,989	71,506
Cash (used in)/generated from operations		(88,679)	924,684	(3)	-
Income tax paid		(108,472)	(26,136)	-	-
Income tax refunded		9,036	-	-	-
Interest received		3,585	-	-	-
Interest paid		(308,091)	(78,357)	-	-
Net cash (used in)/generated from operating activities		(492,621)	820,191	(3)	-

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

Circle International Holdings Limited
(ARBN: 621 001 296)

CONSOLIDATED STATEMENT OF CASH FLOWS
for the 6-month financial period ended 30 June 2022

		Group		*Company*	
	Note	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents	*3(b)*	163,975	-	-	-
Acquisition through reverse acquisition, net of cash and cash equivalents	*3(a)*	1,716	-	-	-
Purchase of property, plant and equipment		(34,374)	(6,064)	-	-
Purchase of investment properties		-	(288,126)	-	-
Purchase of right-of-use assets		(24,620)	-	-	-
Disposal of subsidiaries, net of cash and cash equivalents	*3(c)*	(1,649)	-	3	-
Placement of fixed deposits with a licensed bank		(3,585)	-	-	-
Net cash generated from/(used in) investing activities		101,463	(294,190)	3	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		-	(315,378)	-	-
Drawdown of term loans		-	237,502	-	-
Repayment of term loans		(219,256)	(72,578)	-	-
Drawdown of borrowings		6,659,879	2,819,173	-	-
Repayment of borrowings		(5,319,477)	(2,675,030)	-	-
Repayment of lease liabilities		(295,716)	(168,782)	-	-
Net cash generated from/(used in) financing activities		825,430	(175,093)	-	-

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

Circle International Holdings Limited
(ARBN: 621 001 296)

CONSOLIDATED STATEMENT OF CASH FLOWS
for the 6-month financial period ended 30 June 2022

		Group		*Company*	
		01.01.2022 to 30.06.2022	01.01.2021 to 30.06.2021	01.01.2022 to 30.06.2022	01.01.2021 to 30.06.2021
	Note	AUD	AUD	AUD	AUD
Net increase in cash and cash equivalents		434,272	350,908	-	-
Effects of foreign exchange translation reserve		2,094	2,870	-	-
Cash and cash equivalents at beginning of financial period		172,720	165,667	-	-
Cash and cash equivalents at end of financial period		609,086	519,445	-	-
Cash and cash equivalents comprise:					
Fixed deposits with a licensed bank		395,402	-	-	-
Cash and bank balances		1,178,663	519,445	-	-
Bank overdraft		(569,577)	-	-	-
		1,004,488	519,445	-	-
Less: Fixed deposits pledged with a licensed bank		(395,402)	-	-	-
		609,086	519,445	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands under the Companies Law.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are as set out in *Note 3* to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

The Company's registered office are located at Suite 14/3 Gladstone Parade, Lindfield, NSW 2070 Australia.

Each of the entities within the Group prepares its financial statements based on the currency of the primary economic environment in which the entity operates (the functional currency). The Company's functional currency is United States Dollars ("USD"), while the presentation currency of the Group and of the Company are Australian Dollars ("AUD").

The Board of Directors has authorised the financial statements of the Group and of the Company for issuance on 12 September 2022.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Basis of presentation

These interim consolidated financial statements ("interim financial statements") as at and for the 6-month financial period ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as "the Group") have been prepared in accordance with International Accounting Standard, IAS 34: Interim Financial Reporting.

There interim financial statements are intended to provide users with an update on the annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during these 6 months within the Group. It is therefore recommended that this financial report to be read in conjunction with the last annual financial statements of the Group as at and for the financial year ended 31 December 2021 except for the following:

Reverse acquisition accounting

The Company completed the acquisition of the entire equity interest in One Mobile Care Sdn. Bhd. ("OMC") for a total consideration of AUD2,238,048, satisfied through the issuance of 450,288,135 new ordinary shares in the Company at an issue price of AUD0.005 per share. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of OMC became the controlling shareholders of the Company on completion of the transaction. Accordingly, OMC (being the legal subsidiary in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree.

The consolidated financial statements represent a continuation of the financial position, performance and cash flows of OMC. Accordingly, the consolidated financial statements are prepared on the following basis:

(a) The assets and liabilities of OMC are recognised and measured in the consolidated statement of financial position of the Group at their pre-acquisition carrying amounts;

(b) The assets and liabilities of the Company are recognised and measured in the consolidated statement of financial position of the Group at their acquisition-date fair values;

(c) The retained profits and other equity balances recognised in the consolidated financial statements are the retained profits and other equity balances of OMC immediately before the Reverse Acquisition;

(d) The amount recognised as issued equity interests in the consolidated financial statements is determined by adding to the issued equity of OMC immediately before the Reverse Acquisition the fair value of the consideration effectively transferred based on the issue price of the Company's share. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflects the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the Company to effect the Reverse Acquisition;

(e) The consolidated statement of profit and loss and other comprehensive income for the financial period ended 30 June 2022 reflects the 6 months results of OMC together with the post-acquisition results of the Company; and

(f) The comparative figures presented in these consolidated financial statements are those of OMC, except for its capital structure which is retroactively adjusted to reflect the legal capital of the accounting acquiree.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the financial period ended 30 June 2022 refers to the Group which includes the results of OMC from 1 January 2022 to 30 June 2022 and the post-acquisition results of the Company from the date of completion of the Reverse Acquisition to 30 June 2022. The consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the financial period ended 30 June 2021 refer to the results of OMC from 1 January 2021 to 30 June 2021.

(b) Basis of Accounting

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with International Financial Reporting Standards ("IFRS").

(i) During the current financial period, the Group had adopted all the following new accounting standards and/or interpretations (including the consequential amendments, if any):

IFRSs and/or Interpretations (Including The Consequential Amendments)

Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract

Amendments to IFRS 3: Reference to the Conceptual Framework

Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Annual Improvements to IFRS Standards 2018 – 2020 Cycle

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

(ii) The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the International Accounting Standards Board (IASB) but are not yet effective for the current financial period:

IFRSs and/or Interpretations (Including The Consequential Amendments)	Effective Date
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1: Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to IFRS 17	1 January 2023
Amendment to IFRS 17: Initial Application of IFRS 17 and IFRS 9 Comparative Information	1 January 2023

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 Group upon their initial application.

3. INVESTMENT IN SUBSIDIARIES

	Company 30.06.2022 AUD	Company 31.12.2021 AUD
Unquoted shares, at cost		
At 01 January 2022/2021	57,656,091	57,656,091
Additions	3,567,438	-
Disposal	(57,656,091)	-
At 30 June 2022/31 December 2021	3,567,438	57,656,091
Less: Accumulated impairment loss		
At 01 January 2022/2021	(57,656,088)	(57,656,088)
Disposal	57,656,088	-
At 30 June 2022/31 December 2021	-	(57,656,088)
Carrying amount	3,567,438	3

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 30.06.2022 %	Effective equity interest 31.12.2021 %	Principal activities
One Mobile Care Sdn. Bhd.	Malaysia	100	-	Trading of hand phone accessories, repairing mobile services, technical services and other related activities
MPS Telecommunication Sdn. Bhd.	Malaysia	100	-	Trading in hand phones, telecommunication accessories and services
Circle Corporation International Limited	Hong Kong	-	100	Advertising, branding, e-media services and creative marketing solution
Circle Corp Mediatech Sdn. Bhd.	Malaysia	-	100	Advertising, publication, entertainment, events, business circle mobile app and related services
Inno Mind Works Sdn. Bhd.	Malaysia	-	100	Event organiser, advertisement and media industries

(a) Reverse Acquisition

The acquisition of the entire equity interest in One Mobile Care Sdn. Bhd. ("OMC") was completed during the financial period for a total consideration of RM6,781,509 or AUD2,238,048. This consideration was satisfied by issuance of 450,288,135 new ordinary shares at AUD0.005 per share.

For accounting purposes, the cut-off was taken on 01 January 2022 as the board of directors of Circle International Holdings Limited ("CIHL") has confirmed that the management of OMC has gained the control on the Group from 01 January 2022 onwards.

As OMC is a private entity, the fair value of the Company's shares provides a more reliable basis for measuring the consideration transferred than the estimated fair value of the share in OMC. The consideration transferred is determined using the fair value of the issued equity of the Company before the acquisition and the number of new ordinary shares OMC would have to issue to the equity holders of the Company to maintain the ratio of ownership interest in the combined entity.

The fair value of the identifiable assets and liabilities of CIHL as at the date of reverse acquisition were:

	Group 2022 AUD
Trade and other receivables	21,237
Current tax assets	3,512
Bank balances	1,746
Trade and other payables	(2,549,192)
Term loans	(56,836)
Bank overdraft	(30)
Current tax liabilities	(322,502)
Fair value of net identifiable liabilities acquired	(2,902,065)

The effect of the acquisition on cash flows is as follows:

Net cashflow arising from Reverse Acquisition:

Cash and cash equivalents from acquisition of subsidiaries, representing net cash inflow from Reverse Acquisition	1,716

Goodwill arising from Reverse Acquisition:

Deemed purchase consideration transferred	894,668
Add: Fair value of net identifiable liabilities acquired	2,902,065
Goodwill on consideration	3,796,733

The goodwill of AUD3,796,733 arising from the reverse acquisition is recognised and expensed off in the "Other Expenses" line item of the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(b) Direct acquisition of a subsidiary

The acquisition of the entire equity interest of MPS Telecommunication Sdn. Bhd. ("MPS") was completed during the financial period for a total consideration of RM4,028,185 or AUD1,329,390. This consideration was satisfied by issuance of 267,469,071 new ordinary shares at AUD0.005 per share.

For accounting purposes, the cut-off was taken on 01 January 2022.

The fair value of the identifiable assets and liabilities of MPS as at the date of acquisition were:

	Group 2022 AUD
Property, plant and equipment	412,949
Investment properties	6,171,846
Right-of-use assets	95,197
Inventories	2,332,455
Trade and other receivables	3,214,291
Current tax assets	34,976
Fixed deposits with a licensed bank	392,454
Cash and bank balances	657,209
Deferred tax liabilities	(17,702)
Lease liabilities	(135,701)
Term loans	(6,493,248)
Trade and other payables	(2,804,546)
Borrowings	(561,449)
Bank overdraft	(493,234)
Fair value of net identifiable assets acquired	2,805,497

The effect of the acquisition on cash flows is as follows:

Net cashflow arising from acquisition of a subsidiary:	AUD
Cash consideration	-
Add: Cash and bank balances	657,209
Less: Bank overdraft	(493,234)
Cash and cash equivalents from acquisition of a subsidiary, representing net cash inflow from acquisition of a subsidiary	163,975

Negative goodwill arising from direct acquisition:	AUD
Fair value of consideration transferred:	
- equity instruments issued	1,329,390
Less: Fair value of net identifiable assets acquired	(2,805,497)
Negative goodwill on consolidation	(1,476,107)

(c) Disposal of subsidiaries

(i) On 31 March 2022, the Company disposed of its entire equity interests in Circle Corporation International Limited for AUD1 in cash.

The financial effects of the disposal at the date of disposal are summarised as below:

	Group 2022 AUD	*Company* 2022 AUD
Investment in a subsidiary	-	-
Trade and other receivables	52,225	-
Bank overdraft	(29)	-
Trade and other payables	(892,264)	-
Current tax liabilities	(289,505)	-
Carrying amount of net liabilities disposed of	(1,129,573)	-
Effect of foreign exchange translation reserve	(39,855)	-
Gain on disposal of a subsidiary	1,169,429	1
Consideration received, satisfied in cash	1	1
Add: Cash and cash equivalents of a subsidiary disposed of	29	-
Net cash inflow from the disposal of a subsidiary	30	1

(ii) On 31 March 2022, the Company disposed of its entire equity interests in Circle Corp Mediatech Sdn. Bhd. for AUD1 in cash.

The financial effects of the disposal at the date of disposal are summarised as below:

	2022 AUD	2022 AUD
Investment in a subsidiary	-	3
Trade and other receivables	1,019,822	-
Cash and bank balances	338	-
Trade and other payables	(1,439,981)	-
Current tax liabilities	(21,947)	-
Carrying amount of net (liabilities)/assets disposed of	(441,768)	3
Effect of foreign exchange translation reserve	(55,807)	-
Gain/(Loss) on disposal of a subsidiary	497,576	(2)
Consideration received, satisfied in cash	1	1
Less: Cash and cash equivalents of a subsidiary disposed of	(338)	-
Net cash (outflow)/inflow from the disposal of a subsidiary	(337)	1

(iii) On 31 March 2022, the Company disposed of its entire equity interests in Inno Mind Works Sdn. Bhd. for AUD1 in cash.

The financial effects of the disposal at the date of disposal are summarised as below:

	Group 2022 AUD	*Company* 2022 AUD
Investment in a subsidiary	-	-
Trade and other receivables	132,420	-
Cash and bank balances	1,343	-
Current tax assets	3,383	-
Trade and other payables	(591,815)	-
Term loans	(54,746)	-
Carrying amount of net liabilities disposed of	(509,415)	-
Effect of foreign exchange translation reserve	(24,505)	-
Gain on disposal of a subsidiary	533,921	1
Consideration received, satisfied in cash	1	1
Less: Cash and cash equivalents of a subsidiary disposed of	(1,343)	-
Net cash (outflow)/inflow from the disposal of a subsidiary	(1,342)	1

4. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group	Computer	Office equipment, furnitures and fittings	Freehold shoplot	Motor vehicles	Renovation	Technical tools	Total
	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Cost							
At 01 January 2021	156,717	146,380	-	157,921	112,520	20,262	593,800
Additions	4,194	3,795	-	-	421	-	8,410
Effect of foreign exchange translation reserve	3,191	2,978	-	3,106	2,225	399	11,899
At 31 December 2021/01 January 2022	164,102	153,153	-	161,027	115,166	20,661	614,109
Acquisition of a subsidiary	363,569	228,850	277,254	123,704	360,412	-	1,353,789
Additions	22,936	11,438	-	-	-	-	34,374
Effect of foreign exchange translation reserve	(678)	(543)	(475)	(488)	(814)	(35)	(3,033)
At 30 June 2022	549,929	392,898	276,779	284,243	474,764	20,626	1,999,239
Accumulated depreciation							
At 01 January 2021	154,484	101,946	-	157,921	97,292	19,493	531,136
Charge for the financial year	1,312	14,853	-	-	2,791	285	19,241
Effect of foreign exchange translation reserve	3,072	2,390	-	3,106	1,985	391	10,944
At 31 December 2021/01 January 2022	158,868	119,189	-	161,027	102,068	20,169	561,321
Acquisition of a subsidiary	361,300	119,139	75,063	104,233	281,105	-	940,840
Charge for the financial period	4,572	16,575	2,741	1,957	10,322	125	36,292
Effect of foreign exchange translation reserve	(847)	(243)	(102)	(435)	(554)	(33)	(2,214)
At 30 June 2022	523,893	254,660	77,702	266,782	392,941	20,261	1,536,239
Carrying amount							
At 30 June 2022	26,036	138,238	199,077	17,461	81,823	365	463,000
At 31 December 2021	5,234	33,964	-	-	13,098	492	52,788

5. INVESTMENT PROPERTIES

	Group	
	30.06.2022	31.12.2021
	AUD	AUD
At fair value:		
At 01 January 2022/2021	300,155	-
Addition during the financial year	-	288,126
Acquisition of a subsidiary	6,171,846	-
Fair value gain recognised in profit or loss	466,085	-
Effect of foreign exchange translation reserve	(6,481)	12,029
At 30 June 2022/31 December 2021	6,931,605	300,155
Represented by:		
Freehold buildings	6,127,895	-
Buildings under construction	803,710	300,155
	6,931,605	300,155

The details of the Group's investment properties that are carried at fair values are analysed as follows:

	Level 2	Total
	AUD	AUD
30 June 2022		
Freehold buildings	6,127,895	6,127,895
31 December 2021		
Freehold buildings	-	-

The level 2 fair value of the freehold buildings has been derived using the market comparison approach with reference to sales price of comparable properties in close proximity, adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial period.

The buildings under construction are stated at cost. The fair value of these properties are unable to be determined reliably as there are uncertainties in estimating their fair value at this juncture.

6. RIGHT-OF-USE ASSETS

		Group	
	Retail stores	Motor vehicles	Total
	AUD	AUD	AUD
Carrying amount			
At 01 January 2021	270,958	33,500	304,458
Addition	61,873	-	61,873
Lease modification	188,630	-	188,630
Depreciation charge for the financial year	(321,720)	(11,099)	(332,819)
Effect of foreign exchange translation reserve	3,483	372	3,855
At 31 December 2021/01 January 2022	203,224	22,773	225,997
Acquisition of a subsidiary	40,772	54,425	95,197
Additions	290,081	165,551	455,632
Lease modification	333,380	-	333,380
Depreciation charge for the financial period	(308,312)	(30,320)	(338,632)
Effect of foreign exchange translation reserve	2,695	1,205	3,900
At 30 June 2022	561,840	213,634	775,474

7. INVENTORIES

	Group	
	30.06.2022	31.12.2021
	AUD	AUD
Finished goods - at cost	4,720,583	937,505
Recognised in profit or loss:		
Inventories recognised as cost of sales	23,860,744	7,010,187

8. TRADE AND OTHER RECEIVABLES

	Note	*Group* 30.06.2022 AUD	*Group* 31.12.2021 AUD	*Company* 30.06.2022 AUD	*Company* 31.12.2021 AUD
Trade receivables	(a)	3,159,751	915,590	-	-
Other receivables	(b)				
- net of impairment		1,771,938	1,856,044	-	-
Deposits and prepayment		624,526	-	470	20,749
		5,556,215	2,771,634	470	20,749
(a) Trade receivables		3,159,751	915,590	-	-
Less: Impairment losses					
At 01 January 2022/2021		-	-	-	-
Acquisition of a subsidiary		(8,596)	-	-	-
Disposal		8,596	-	-	-
At 30 June 2022/31 December 2021		-	-	-	-
		3,159,751	915,590	-	-
(b) Other receivables		1,819,688	1,856,044	47,750	42,710
Less: Impairment losses					
At 01 January 2022/2021		-	-	(42,710)	(42,710)
Acquisition of subsidiaries		(422,968)	-	-	-
Disposal		380,258	-	-	-
Effect of foreign exchange translation reserve		(5,040)	-	(5,040)	-
At 30 June 2022/31 December 2021		(47,750)	-	(47,750)	(42,710)
		1,771,938	1,856,044	-	-

The Group's normal trade credit terms range from 30 to 120 days (31.12.2021: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

9. FIXED DEPOSITS WITH A LICENSED BANK

	Group 30.06.2022 AUD	*Group* 31.12.2021 AUD
Fixed deposits with a licensed bank	395,402	-
Interest rate (%)	1.85	-
Maturity period (months)	12	-

Included in the fixed deposits with a licensed bank of the Group at the end of the reporting period have been pledged to a licensed bank as security for bank facilities granted to the Group.

10. SHARE CAPITAL

	Group			
	Number of shares		Amount	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Issued and fully paid-up	Unit	Unit	AUD	AUD
Ordinary shares				
At 1 January 2022/2021	180,000,400	180,000,400	383,155	383,155
Issued pursuant to the				
- reverse acquisition of OMC	450,288,135	-	894,668	-
- acquisition of MPS	267,469,071	-	1,329,390	-
At 30 June 2022/ 31 December 2021	897,757,606	180,000,400	2,607,213	383,155

	Company			
	Number of shares		Amount	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Issued and fully paid-up	Unit	Unit	AUD	AUD
Ordinary shares				
At 1 January 2022/2021	180,000,400	180,000,400	57,656,229	57,656,229
Issued pursuant to the				
- reverse acquisition of OMC	450,288,135	-	2,238,048	-
- acquisition of MPS	267,469,071	-	1,329,390	-
At 30 June 2022/ 31 December 2021	897,757,606	180,000,400	61,223,667	57,656,229

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

11. RESERVES

	Group		*Company*	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	AUD	AUD	AUD	AUD
Retained profits/(Accumulated losses)	2,096,099	1,406,488	(58,537,164)	(58,354,893)
Effect of foreign exchange translation reserve	(137,138)	(96,200)	(46,730)	(2,472)
	1,958,961	1,310,288	(58,583,894)	(58,357,365)

Foreign exchange translation reserve

The foreign exchange translation reserve arose from the translation of the financial statements of the Company and its foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

12. DEFERRED TAX LIABILITIES

	Group 30.06.2022 AUD	Group 31.12.2021 AUD
At 01 January 2022/2021	-	-
Acquisition of a subsidiary	17,702	-
Recognised in profit or loss	111,898	-
Effect of foreign exchange translation reserve	1,076	-
At 30 June 2022/31 December 2021	130,676	-
Accelerated capital allowances over depreciation on qualifying cost of property, plant and equipment	17,672	-
Fair value gain on investment properties	113,004	-
	130,676	-

13. LEASE LIABILITIES

	Group 30.06.2022 AUD	Group 31.12.2021 AUD
At 01 January 2022/2021	253,639	351,222
Acquisition of a subsidiary	135,701	-
Additions	431,012	61,873
Lease modification	333,380	188,630
Interest expense recognised in profit or loss	26,404	28,143
Repayment of principal	(295,716)	(352,353)
Repayment of interest expense	(26,404)	(28,143)
Effect of foreign exchange translation reserve	3,966	4,267
At 30 June 2022/31 December 2021	861,982	253,639
Analysed by:		
Current liabilities	478,395	214,796
Non-current liabilities	383,587	38,843
	861,982	253,639

14. TERM LOANS

The terms loans are repayable as follows:

	Group	
	30.06.2022	31.12.2021
	AUD	AUD
Current liabilities	610,529	128,860
Non-current liabilities	6,630,167	852,820
	7,240,696	981,680
Interest rate (%)	3.23 - 13.50	3.23 - 13.00

15. TRADE AND OTHER PAYABLES

	Group		*Company*	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	AUD	AUD	AUD	AUD
Trade payables	2,175,159	284,257	-	-
Other payables	141,510	-	128,586	91,349
Accruals	237,975	102,530	30,025	32,680
Amount owing to related parties	747,043	-	747,043	306,168
Amount owing to directors of a subsidiary	88,530	17,564	-	-
Amount owing to subsidiaries	-	-	22,481	291,691
	3,390,217	404,351	928,135	721,888

Amount owing to directors of a subsidiary, amount owing to related parties and amount owing to subsidiaries are non-trade in nature, unsecured, interest-free and payable upon demand in cash and cash equivalents.

16. BORROWINGS

	Group 30.06.2022 AUD	Group 31.12.2021 AUD
Multi trade line	3,000,784	1,088,413
Interest rate (%)	1.25 - 15.00	4.00 - 15.00

17. BANK OVERDRAFT

	Group 30.06.2022 AUD	Group 31.12.2021 AUD
Interest rate (%)	6.90 - 7.50	-

18. REVENUE

	Group 01.01.2022 to 30.06.2022 AUD	Group 01.01.2021 to 30.06.2021 AUD
Services rendered	5,258,717	4,003,052
Sales of consumer products	21,029,962	-
Incentives	131,262	-
	26,419,941	4,003,052

19. OTHER INCOME

	Group	
	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD
Fair value gain on investment properties	466,085	-
Gain on disposal of subsidiaries	2,200,926	-
Interest income	3,585	-
Negative goodwill on consolidation	1,476,107	-
Realised gain on foreign exchange	3,700	-
Reimbursement of manpower	23,489	-
Reimbursement of rental	256,360	233,354
Rental income	103,742	21,543
	4,533,994	254,897

20. OTHER EXPENSES

	Group	
	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD
Depreciation of property, plant and equipment	36,292	9,683
Depreciation of right-of-use assets	338,632	160,766
Impairment losses on goodwill	3,796,733	-
	4,171,657	170,449

21. FINANCE COSTS

	Group	
	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD
Lease liabilities interest	26,404	15,828
Term loans interest	216,740	42,162
Borrowings interest	49,165	20,367
Bank overdraft interest	15,782	-
	308,091	78,357

22. PROFIT/(LOSS) BEFORE TAXATION

	Group		*Company*	
	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD
Profit/(Loss) before taxation is stated *after charging:*				
Auditors' remuneration				
- current year	23,384	-	16,239	12,577
- underprovision in previous years	-	-	-	8,003
Lease expenses:				
- low-value assets	1,543	661	-	-
- short-term leases	71,953	9,944	-	-
Staff costs (Note 24)	999,800	524,961	30,526	-

23. INCOME TAX EXPENSE

	Group		*Company*	
	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD
Malaysian income tax				
- current period's provision	358,855	26,136	-	-
Deferred tax liabilities				
- originating and recognition of temporary differences	111,898	-	-	-
	470,753	26,136	-	-

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		*Company*	
	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD
Profit/(Loss) before taxation	1,160,364	209,021	(182,271)	(71,075)
Tax at statutory tax rate of 24%	278,487	50,165	(43,745)	(17,058)
• Adjustments for the following tax effects:				
- lower tax rate for small medium size industry	-	(13,305)	-	-
- expenses not deductible for tax purposes	962,368	16,276	43,745	17,058
- non-taxable income	(882,000)	-	-	-
- others	-	(27,000)	-	-
	80,368	(24,029)	43,745	17,058
• Effect on fair value adjustment on investment properties	111,898	-	-	-
	470,753	26,136	-	-

24. STAFF COSTS

The staff costs recognised in profit or loss are as follows:

	Group		*Company*	
	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD
Director's fees	10,070	-	10,070	-
Directors' remuneration				
- salaries and allowances	55,029	38,364	-	-
- defined contribution plan	1,662	1,437	-	-
- other employee benefits	166	161	-	-
Directors of a subsidiary's remuneration				
- salaries and allowances	26,099	-	-	-
- defined contribution plan	2,349	-	-	-
- other employee benefits	158	-	-	-
Salaries, wages and allowances	804,938	434,746	18,126	-
Defined contribution plan	79,822	44,007	2,175	-
Other employee benefits	19,507	6,246	155	-
	999,800	524,961	30,526	-

25. EARNINGS PER SHARE

(a) Basic earnings per share

Due to the Reverse Acquisition during the financial period, the comparative earnings per ordinary share has been restated and reflects the results of OMC during the financial period ended 30 June 2021. The number of ordinary shares issued by the Company for the Reverse Acquisition is deemed to be the weighted average number of ordinary shares for the financial period ended 30 June 2021.

The weighted average number of ordinary shares for the financial period ended 30 June 2022 is calculated using the number of ordinary shares issued by the Company for the Reverse Acquisition, which is the number of shares deemed to be outstanding from the beginning of the period to the reverse acquisition date, and the number of ordinary shares of the Company outstanding from the reverse acquisition date to the end of the period.

	Group	
	30.06.2022	30.06.2021
	AUD	AUD
Profit after taxation	689,611	182,885
Weighted average number of ordinary shares in issue	864,323,972	450,288,135
Basic earnings per share (cents)	0.08	0.04

(b) Diluted earnings per share

The Company has not issued any dilutive potential ordinary shares, and hence, the diluted earnings per share is equal to the basic earnings per share.

26. DIVIDEND

	Group	
	30.06.2022	30.06.2021
	AUD	AUD
Interim single tier dividend of AUD0.29 per ordinary share in respect of the financial year ended 31 December 2020	-	315,378

27. CASH FLOW INFORMATION

The reconciliation of liabilities arising from financing activities are as follows:

	Group			
	Term loans AUD	Borrowings AUD	Lease liabilities AUD	Total AUD
Group				
At 01 January 2022	981,680	1,088,413	253,639	2,323,732
Changes in Financing Cash Flows				
Proceeds from drawdown	-	6,659,879	-	6,659,879
Repayment of principal	(219,256)	(5,319,477)	(295,716)	(5,834,449)
Repayment of interest	(216,740)	(49,165)	(26,404)	(292,309)
	(435,996)	1,291,237	(322,120)	533,121
Non-cash changes				
Acquisition of subsidiaries	6,550,084	561,449	135,701	7,247,234
Disposal of a subsidiary	(54,746)	-	-	(54,746)
Acquisition of new leases	-	-	764,392	764,392
Interest expenses recognised in profit or loss	216,740	49,165	26,404	292,309
Effect of foreign exchange translation reserve	(17,066)	10,520	3,966	(2,580)
	6,695,012	621,134	930,463	8,246,609
At 30 June 2022	7,240,696	3,000,784	861,982	11,103,462

Circle International Holdings Limited
(ARBN: 621 001 296)

	Term loans	Borrowings	Lease liabilities	Total
	Group			
	AUD	AUD	AUD	AUD
Group				
At 01 January 2021	806,750	820,359	349,796	1,976,905
Changes in Financing Cash Flows				
Proceeds from drawdown	237,502	2,819,173	-	3,056,675
Repayment of principal	(72,578)	(2,675,030)	(168,782)	(2,916,390)
Repayment of interest	(42,162)	(20,367)	(15,828)	(78,357)
	122,762	123,776	(184,610)	61,928
Non-cash changes				
Acquisition of new leases	-	-	188,062	188,062
Interest expenses recognised in profit or loss	42,162	20,367	15,828	78,357
Effect of foreign exchange translation reserve	(3,524)	(3,518)	(1,971)	(9,013)
	38,638	16,849	201,919	257,406
At 30 June 2021	968,150	960,984	367,105	2,296,239

28. RELATED PARTY DISCLOSURES

(a) Identifies of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(i) The key management personnel compensation during the financial period are as follows:

	Group		*Company*	
	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD
Director's fees	10,070	-	10,070	-
Salaries and allowances	81,128	38,364	-	-
Defined contribution plan	4,011	1,437	-	-
Other employee benefits	324	161	-	-
	95,533	39,962	10,070	-

(ii) Related party transactions

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

	Group	
	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD
Sales to related parties	75,402	178,044
Reimbursement of manpower to a related party	19,574	-
Purchases from related parties	(5,344)	(77,779)
Salaries paid to persons connected to a director	(91,520)	(56,679)

29. OPERATING SEGMENT

The Group operates as three operating segments and internal management reporting systems present financial information as three separate segments. The segments derive its revenue and incurs expenses through the following:

(1) Investment holding	:	Investment in shares are held for capital gain;
(2) Consumer products	:	Distribution and supply of telecommunication products;
(3) Repairing and servicing	:	Repairing and servicing of telecommunication devices.

Comparative figures for 30 June 2021 are not disclosed as the Group mainly consist of repairing and servicing segment only.

(a) The Group Chief Executive Officer assesses the performance of the reportable segments based on their profit or loss for the financial period. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets of the segment other than tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

(d) Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

Circle International Holdings Limited
(ARBN: 621 001 296)

	Investment Holding AUD	Consumer Products AUD	Repairing and Servicing AUD	Elimination/ Consolidation adjustment AUD	Total AUD
01 January 2022 to 30 June 2022					
Revenue					
External revenue	-	21,161,224	5,258,717	-	26,419,941
Inter-segment revenue	-	307,663	-	(307,663)	-
Total revenue	-	21,468,887	5,258,717	(307,663)	26,419,941
Represented by:					
Sales of consumer products	-	21,468,887	-	(307,663)	21,161,224
Repairing and servicing of consumer products	-	-	5,258,717	-	5,258,717
	-	21,468,887	5,258,717	(307,663)	26,419,941
Results					
Segment (loss)/profit	(182,272)	1,247,190	519,652	(119,700)	1,464,870
Finance costs	-	(191,306)	(116,785)	-	(308,091)
Interest income	-	3,585	-	-	3,585
(Loss)/Profit before taxation	(182,272)	1,059,469	402,867	(119,700)	1,160,364
Income tax expense					(470,753)
Profit after taxation					689,611

	Investment Holding AUD	Consumer Products AUD	Repairing and Servicing AUD	Elimination/ Consolidation Adjustment AUD	Total AUD
30 June 2022					
Assets					
Segment assets	3,567,908	15,097,694	5,471,005	(4,115,665)	20,020,942
Unallocated asset:					
- current tax assets					-
Total assets					20,020,942
Included in the measure of segment assets are:					
Addition to non-current assets other than financial instruments are:					
- property, plant and equipment	-	415,868	47,132	-	463,000
- investment properties	-	6,631,964	299,641	-	6,931,605
- right-of-use assets	-	336,839	438,635	-	775,474
Liabilities					
Segment liabilities	928,135	11,301,073	3,383,498	(549,450)	15,063,256
Unallocated liabilities:					
- current tax liabilities					260,836
- deferred tax liabilities					130,676
Total liabilities					15,454,768
Other information					
Depreciation of property and equipment	-	(26,942)	(9,350)	-	(36,292)
Depreciation of right-of-use assets	-	(93,435)	(245,197)	-	(338,632)
Fair value gain on investment properties	-	466,085	-	-	466,085

Geographical information

Analysis by geographical segment has been presented in respect of revenue only as the Group operates in Malaysia.

	Group	
	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD
Local	22,544,433	4,003,052
Export	3,875,508	-
	26,419,941	4,003,052

Major customer

The major customer with revenue equal to or more than 10% of the Group's total revenue are as follow:

	01.01.2022 to 30.06.2022 AUD	01.01.2021 to 30.06.2021 AUD	**Segment**
Customer 1	2,902,337	1,457,044	Reparing and servicing

30. CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

	Group		*Company*	
	30.06.2022 AUD	31.12.2021 AUD	30.06.2022 AUD	31.12.2021 AUD
Financial asset:				
Amortised cost				
Trade and other receivables	4,931,689	2,771,634	-	-
Fixed deposits with a licensed bank	395,402	-	-	-
Cash and bank balances	1,178,663	172,720	-	-
	6,505,754	2,944,354	-	-

	Group		Company	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	AUD	AUD	AUD	AUD
Financial Liability				
Amortised cost				
Trade and other payables	3,390,217	404,351	928,135	721,888
Borrowings	3,000,784	1,088,413	-	-
Lease liabilities	861,982	253,639	-	-
Term loans	7,240,696	981,680	-	-
Bank overdraft	569,577	-	-	-
	15,063,256	2,728,083	928,135	721,888

(b) Fair Value of Financial Instruments

The fair values of the financial assets and financial liabilities of the Group which 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.

The following table sets out the fair value profile of financial instruments that are not carried at fair value at the end of the financial period:

	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total fair value AUD	Carrying amount AUD
30.06.2022					
Financial Liability					
Term loans	-	7,240,696	-	7,240,696	7,240,696
31.12.2021					
Financial Liability					
Term loans	-	981,680	-	981,680	981,680

31. SEASONAL/CYCLICAL FACTORS

The operation of the Group was not significantly affected by seasonality and cyclical factors.

32. UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income, and cash flows during the current financial period other than the events mentioned in Note 3.

33. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates in prior interim periods or financial periods that have a material effect during the current financial period.

34. DETAILS OF CHANGES IN DEBT AND EQUITY SECURITIES

During the financial period, the Company has increased its issued ordinary shares from AUD57,656,229 to AUD61,223,667 by the issuance and allotment of the following:

(i) 450,288,135 new ordinary shares at AUD0.005 per share for the purpose of reverse acquisition; and
(ii) 267,469,071 new ordinary shares at AUD0.005 per share for the purpose of acquisition of a subsidiary.

Save from the above, there were no further issuance, repurchase and repayments of debt and equity securities during the current financial period.

35. DIVIDEND PAID

There was no dividend paid or declared during the current financial period.

36. CHANGES IN THE COMPOSITION OF THE GROUP

The details of the changes in the composition of the Group are disclosed in Note 3.

Registration No. 201101045103 (973223-X)

ONE MOBILE CARE SDN. BHD.

(Incorporated in Malaysia)

Reports and Financial Statements
31 December 2021

Registration No. 201101045103 (973223-X)

ONE MOBILE CARE SDN. BHD.

(Incorporated in Malaysia)

Reports and Financial Statements
31 December 2021

CONTENTS

ONE MOBILE CARE SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of trading of hand phone accessories, repairing mobile services, technical services and other related activities. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM
Profit after taxation	1,015,237

DIVIDEND

Dividends paid or declared by the Company since 31 December 2020 are as follows:

	RM
In respect of the financial year ended 31 December 2020	
Interim single tier dividend of RM0.91 per ordinary share, paid on 16 June 2021	1,000,000

The directors do not recommend the payment of any further dividends for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

OPTIONS

No option has been granted during the financial year to take up unissued shares of the Company.

HOLDING COMPANY

On 1 January 2022, Circle International Holdings Limited acquired the entire share capital of the Company, resulting in the Company becoming a wholly-owned subsidiary of Circle International Holdings Limited, a company incorporated in Cayman Islands and listed on the National Stock Exchange of Australia.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Lim Shwu Xian
Jason Han Sen Kwang

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interest of the directors in office at the end of the financial year in shares or debentures in the Company during the financial year were as follows:

	----------- *No. of Ordinary Shares* -------------			
	As at 01.01.2021	*Bought*	*Sold*	*As at 31.12.2021*
Lim Shwu Xian	605,000	-	-	605,000
Jason Han Sen Kwang	495,000	-	-	495,000

DIRECTORS' REMUNERATION

Details of directors' remuneration are disclosed in *Note 27* to the financial statements.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (*other than the benefits shown under directors' remuneration*) 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.

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

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the directors, officers or auditors of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper 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 were no known bad debts has been written off and no allowance for impairment losses on receivables is required; and

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

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

(a) which would render the amounts written off for bad debts or the amount of the allowance for impairment losses on receivables inadequate to any substantial extent; or

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

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

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Company for the current financial year; and

(b) no charge has arisen on the assets of the Company which secures the liabilities of any other person nor has any contingent liability arisen in the Company.

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 affect the ability of the Company to meet its obligations when they fall due.

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 which would render any amount stated in the financial statements misleading.

In the opinion of the directors:

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

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

AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in *Note 23* to the financial statements.

AUDITORS

The auditors, Messrs Tong & Associates, Chartered Accountants, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

LIM SHWU XIAN
Director

JASON HAN SEN KWANG
Director

Date: 29 JUN 2022

Registration No. 201101045103 (973223-X)

ONE MOBILE CARE SDN. BHD.

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

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

In the opinion of the directors, the financial statements set out on pages 10 to 53 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 at 31 December 2021 and of its financial performance and cash flows for the financial year ended on that date.

Signed on 29 JUN 2022

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

LIM SHWU XIAN

JASON HAN SEN KWANG

STATUTORY DECLARATION

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

I, Jason Han Sen Kwang, I/C No. 760703-10-5581, being the director primarily responsible for the financial management of One Mobile Care Sdn. Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 10 to 53 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at Petaling Jaya in the State of Selangor Darul Ehsan on

29 JUN 2022

JASON HAN SEN KWANG

Before me:

PESURUHJAYA SUMPAH
No. B 519
CHUA FONG LING
01/01/2021 - 31/12/2023
MALAYSIA

Commissioner for Oaths

No. 11-2B, Jalan PJU 1/35,
Sunwaymas Commercial Centre,
47301 Petaling Jaya, Selangor

ETH

Tong & Associates
Chartered Accountants [AF 002034]
E-03-01, Pacific Place Commercial Centre,
Jalan PJU 1A/4, Ara Damansara,
47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel. no. +603 7493 4097
www.ethconsulting.com.my
audit@ethconsulting.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ONE MOBILE CARE SDN. BHD.

(Incorporated in Malaysia)
Registration No. 201101045103 (973223-X)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of One Mobile Care Sdn. Bhd., which comprise the statement of financial position as at 31 December 2021, 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 a summary of significant accounting policies, as set out on pages 10 to 53.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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.

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.

- 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 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

The financial statements of the Company for the proceeding financial year were audited by another firm of auditors whose report dated 28 May 2021, expressed an unmodified opinion on those financial statements.

Other Matters

1. As stated in *Note 3(a)* to the financial statements, One Mobile Care Sdn. Bhd. adopted Malaysian Financial Reporting Standards on 1 January 2021 with a transition date of 1 January 2020. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statement of financial position as at 31 December 2020 and 1 January 2020, 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 ended 31 December 2020 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements for the financial year ended 31 December 2021, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2021 do not contain misstatements that materially affect the financial position as at 31 December 2021 and the financial performance and cash flows for the financial year then ended.

2. 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.

Tong & Associates

TONG & ASSOCIATES
[AF 002034]
Chartered Accountants

WONG YEONG LEE
03328 / 09 / 2023 J
Chartered Accountant

Petaling Jaya,
Date: 29 June 2022

ONE MOBILE CARE SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

	Note	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	5	159,953	193,616	261,949
Investment properties	6	909,500	-	-
Right-of-use assets	7	684,793	940,685	1,852,205
Deferred tax assets	8	-	2,731	2,338
TOTAL NON-CURRENT ASSETS		1,754,246	1,137,032	2,116,492
CURRENT ASSETS				
Inventories	9	2,840,735	2,731,122	2,507,160
Trade receivables	10	2,774,330	2,200,211	2,485,983
Other receivables and deposits	11	5,623,999	5,936,671	6,366,186
Amount owing by a director	12	-	95,297	90,311
Cash and bank balances		523,358	513,948	916,249
TOTAL CURRENT ASSETS		11,762,422	11,477,249	12,365,889
TOTAL ASSETS		13,516,668	12,614,281	14,482,381

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

ONE MOBILE CARE SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

	Note	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	1,100,000	1,100,000	1,100,000
Retained profits		4,031,307	4,016,070	3,342,389
TOTAL EQUITY		5,131,307	5,116,070	4,442,389
LIABILITIES				
NON-CURRENT LIABILITIES				
Lease liabilities	14	117,698	317,898	1,090,482
Term loans	15	2,584,129	2,079,360	2,103,528
TOTAL NON-CURRENT LIABILITIES		2,701,827	2,397,258	3,194,010
CURRENT LIABILITIES				
Trade payables	16	861,327	1,187,177	931,675
Other payables and accruals	17	310,673	103,109	1,640,517
Amount owing to a director	12	53,221	-	-
Borrowings	18	3,298,000	2,545,000	2,939,000
Lease liabilities	14	650,853	767,274	799,183
Term loans	15	390,460	423,420	410,369
Current tax liabilities		119,000	74,973	125,238
TOTAL CURRENT LIABILITIES		5,683,534	5,100,953	6,845,982
TOTAL LIABILITIES		8,385,361	7,498,211	10,039,992
TOTAL EQUITY AND LIABILITIES		13,516,668	12,614,281	14,482,381

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

ONE MOBILE CARE SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the financial year ended 31 December 2021

	Note	2021 RM	2020 RM
REVENUE	*19*	27,035,220	25,013,066
COST OF SALES		(21,792,568)	(20,367,212)
GROSS PROFIT		5,242,652	4,645,854
OTHER INCOME	*20*	1,644,642	2,044,612
MARKETING EXPENSES		-	(12,581)
ADMINISTRATIVE EXPENSES		(4,016,454)	(4,277,543)
OTHER OPERATING EXPENSES	*21*	(1,094,440)	(986,422)
FINANCE COSTS	*22*	(468,563)	(533,659)
PROFIT BEFORE TAXATION	*23*	1,307,837	880,261
INCOME TAX EXPENSE	*24*	(292,600)	(206,580)
PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		1,015,237	673,681
PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:			
Owners of the Company		1,015,237	673,681

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

ONE MOBILE CARE SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2021

	Note	Share capital	Retained profits	Total
		RM	RM	RM
At 01 January 2020		1,100,000	3,342,389	4,442,389
Profit after taxation/Total comprehensive income for the financial year				
- As previously reported		-	778,308	778,308
- Effects of the transition to the MFRS framework	*32*	-	(104,627)	(104,627)
- As restated		-	673,681	673,681
At 31 December 2020/01 January 2021		1,100,000	4,016,070	5,116,070
Profit after taxation/Total comprehensive income for the financial year		-	1,015,237	1,015,237
Contributions by and distributions to owners of the Company:				
- Dividend	*25*	-	(1,000,000)	(1,000,000)
At 31 December 2021		1,100,000	4,031,307	5,131,307

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

ONE MOBILE CARE SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2021

	Note	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,307,837	880,261
Adjustments for:			
Depreciation of property and equipment		59,808	74,902
Depreciation of right-of-use assets		1,034,632	911,520
Interest expenses		468,563	533,659
Interest income		(468)	(294,126)
Operating profit before working capital changes		2,870,372	2,106,216
Increase in inventories		(109,613)	(223,962)
(Increase)/Decrease in receivables		(261,447)	715,287
Decrease in payables		(118,286)	(1,281,906)
Cash generated from operations		2,381,026	1,315,635
Interest received		468	294,126
Income tax paid		(245,842)	(257,238)
Net cash generated from operating activities		2,135,652	1,352,523
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment from/(Advances to) a director		95,297	(4,986)
Purchase of property and equipment		(26,145)	(6,569)
Purchase of investment properties		(909,500)	-
Net cash used in investing activities		(840,348)	(11,555)

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

ONE MOBILE CARE SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2021

	Note	2021 RM	2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loans	*26(b)*	749,700	100,000
Drawdown of borrowings	*26(b)*	18,345,000	15,450,420
Dividend paid		(1,000,000)	-
Repayment of borrowings	*26(b)*	(17,592,000)	(15,844,420)
Repayment of term loans	*26(b)*	(277,891)	(111,117)
Repayment of lease liabilities	*26(b)*	(1,095,361)	(804,493)
Interest expenses paid	*26(b)*	(468,563)	(533,659)
Advances from a director	*26(b)*	53,221	-
Net cash used in financing activities		(1,285,894)	(1,743,269)
Net increase/(decrease) in cash and cash equivalents		9,410	(402,301)
Cash and cash equivalents at beginning of financial year		513,948	916,249
Cash and cash equivalents at end of financial year	*26(d)*	523,358	513,948

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

ONE MOBILE CARE SDN. BHD.

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The Company is principally engaged in the businesses of trading of hand phone accessories, repairing mobile services, technical services and other related activities. There have been no significant changes in the nature of these activities during the financial year.

The address of the registered office of the Company is Unit SO-07-06, The Strata Offices, Menara 1, KL Eco City, No. 3 Jalan Bangsar, 59200 Kuala Lumpur, W. P. Kuala Lumpur.

The address of the principal place of business of the Company is Lot 6.002, Endah Parade, Jalan 1/149E, Sri Petaling, 57000 Kuala Lumpur, W. P. Kuala Lumpur.

2. HOLDING COMPANY

On 1 January 2022, Circle International Holdings Limited acquired the entire share capital of the Company, resulting in the Company becoming a wholly-owned subsidiary of Circle International Holdings Limited, a company incorporated in Cayman Islands and listed on the National Stock Exchange of Australia.

3. 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 significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

(a) These are the Company's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financing Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Company were prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS").

The transition to MFRSs in accounted for in accordance with MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards', with 1 January 2020 as the date of transition has been prepared based on the accounting policies as described in *Note 4* to the financial statements. Such accounting policies have also been applied to other financial information covered under this set of financial statements, including the comparative information presented. The financial impacts on the transition from MPERS to MFRSs are disclosed in *Note 32* to the financial statements.

(b) 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
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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 their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgement

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:

(i) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment 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 property and equipment 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.

(ii) 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.

(iii) Impairment of Trade Receivables

The Company uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. 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 of trade receivables.

(iv) 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.

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:

(i) 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).

(b) Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Company reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Company has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery a part of the cost of the equity investments.

(ii) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(iii) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Inventories

Inventories are valued at the lower of cost and net realisable value after adequate allowance has been made for all damaged, obsolete and slow-moving items. The cost comprises the original cost of purchase plus the cost of bringing these inventories to their intended location. Cost is determined on the first-in, first-out basis.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(d) Impairment

(i) Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

(f) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

	%
Computers equipment	20
Motor vehicles	20
Office equipment, furniture and fittings	10
Renovation	10 - 20
Technical tools	20

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the different between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

(g) Income Tax Expense

(i) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the taxation authority.

(h) Employee Benefit

(i) Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Company.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined contributions plan

The Company's contributions to the Employees' Provident Fund, a defined contribution plan regulated and managed by the government, are charged to the statement of profit or loss in the period to which they relate. Once the contributions have been paid, the Company have no further financial obligations.

(i) Functional and Presentation Currencies

The functional currency of the Company is presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(j) Revenue from Contracts 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 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 overtime 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 Repairing Services

Revenue is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

(k) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

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

(l) Borrowing Costs

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

(m) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(n) Leases

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. 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 representative of the time pattern in which economic benefits from the leased assets are consumed.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Company or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

(o) Investment Properties

Investment properties are properties which are owned or right-to-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

If the Company determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Company shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Company is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Company shall measure that property at its fair value.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If the owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property and equipment up to the date of change in use.

(p) Other Income

(i) Interest income

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

(ii) Rental income

Rental income is accounted for on a straight-line method over the lease term.

5. PROPERTY AND EQUIPMENT

The details of property and equipment are as follows:

	Computers equipment	Motor vehicles	Office equipment, furniture and fittings	Renovation	Technical tools	Total
	RM	RM	RM	RM	RM	RM
Cost						
At 01 January 2020	481,228	770,570	450,921	347,224	60,796	2,110,739
Initial Application of MFRS 16	-	(282,642)	-	-	-	(282,642)
As restated	481,228	487,928	450,921	347,224	60,796	1,828,097
Additions	2,980	-	1,350	430	1,809	6,569
At 31 December 2020/ 01 January 2021	484,208	487,928	452,271	347,654	62,605	1,834,666
Additions	13,038	-	11,797	1,310	-	26,145
At 31 December 2021	497,246	487,928	464,068	348,964	62,605	1,860,811
Accumulated depreciation						
At 01 January 2020	457,106	610,535	269,756	292,015	59,343	1,688,755
Initial Application of MFRS 16	-	(122,607)	-	-	-	(122,607)
As restated	457,106	487,928	269,756	292,015	59,343	1,566,148
Charge for the year	20,202	-	45,227	8,587	886	74,902
At 31 December 2020/ 01 January 2021	477,308	487,928	314,983	300,602	60,229	1,641,050
Charge for the year	4,074	-	46,173	8,675	886	59,808
At 31 December 2021	481,382	487,928	361,156	309,277	61,115	1,700,858
Carrying amount						
At 31 December 2021	15,864	-	102,912	39,687	1,490	159,953
At 31 December 2020	6,900	-	137,288	47,052	2,376	193,616
At 01 January 2020	24,122	-	181,165	55,209	1,453	261,949

6. INVESTMENT PROPERTIES

	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
Carrying amount			
At 01 January	-	-	-
Addition during the financial year	909,500	-	-
	909,500	-	-
Represented by:			
Buildings under construction	909,500	-	-

The investment properties has been pledged to a licensed bank as security for banking facilities granted the Company.

The shoplot currently under construction is stated at cost. The fair value of this property is unable to be determined reliably as there are uncertainties in estimating its fair value at this juncture.

7. RIGHT-OF-USE ASSETS

	Retail stores RM	Motor vehicles RM	Total RM
Carrying amount			
At 01 January 2020			
- As previously reported	-	-	-
- Initial application of MFRS 16	1,692,170	160,035	1,852,205
- As restated	1,692,170	160,035	1,852,205
Depreciation charges during the financial year	(854,991)	(56,529)	(911,520)
At 31 December 2020/01 January 2021	837,179	103,506	940,685
Addition *(Note 26 (a))*	192,345	-	192,345
Lease modification *(Note 14)*	586,395	-	586,395
Depreciation charges during the financial year	(1,000,130)	(34,502)	(1,034,632)
At 31 December 2021	615,789	69,004	684,793

	31.12.2021	31.12.2020	01.01.2020
Analysed by:			
Cost	2,133,936	1,873,651	1,974,814
Accmulated depreciation	(1,449,143)	(932,966)	(122,609)
	684,793	940,685	1,852,205

The Company leases office and apartment of which the leasing activities are summarised below:

(i) Retail stores: The Company has leased a number of retail stores that run between 1 and 2 years (2020 - 1 and 2) years, with an option to renew the lease after that date. Lease payments are increased every 2 years (2020 - 2 years) to reflect current market rentals. The Company is not allowed to sublease the retail stores.

(ii) Motor vehicle: The Company has leased a motor vehicle under hire purchase arrangements.

8. DEFERRED TAX ASSETS

	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
At 01 January	2,731	2,338	3,597
Transfer to profit or loss *(Note 24)*	(2,731)	393	(1,259)
At 31 December 2021/2020/01 January 2020	-	2,731	2,338

In the previous financial years, deferred tax assets arose due to differences between capital allowances and depreciation charges arising on plant and equipment.

9. INVENTORIES

	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
Finished goods - at cost	2,840,735	2,731,122	2,507,160
Recognised in profit or loss:			
Inventories recognised as cost of sales	21,792,568	20,367,212	23,772,775

10. TRADE RECEIVABLES

	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
Related parties	647,372	182,104	274,600
Other trade receivables	2,126,958	2,018,107	2,211,383
	2,774,330	2,200,211	2,485,983
Credit term (days)	30 - 60	30 - 60	30 - 60

11. OTHER RECEIVABLES AND DEPOSITS

	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
Related parties	4,922,858	5,260,165	5,652,949
Other receivables	-	7,043	7,069
Deposits	674,454	659,332	659,332
Advances	26,687	10,131	46,836
	5,623,999	5,936,671	6,366,186

12. AMOUNTS OWING BY/(TO) A DIRECTOR

These amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

13. SHARE CAPITAL

	31.12.2021	31.12.2020	01.01.2020
	<--------------- Number of shares		--------------->
Issued and fully paid-up			
Ordinary shares	1,100,000	1,100,000	1,100,000
	RM	RM	RM
Issued and fully paid-up			
Ordinary shares	1,100,000	1,100,000	1,100,000

The holder of ordinary shares is 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.

14. LEASE LIABILITIES

	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
At 01 January			
- As previously reported	1,085,172	1,889,665	-
- Initial application of MFRS 16	-	-	1,889,665
- As restated	1,085,172	-	1,889,665
Addition *(Note 26(a))*	192,345	-	-
Lease modification *(Note 7)*	586,395	-	-
Interest expense recognised in profit or loss	87,489	116,721	-
Repayment of principal	(1,095,361)	(804,493)	-
Repayment of interest expense	(87,489)	(116,721)	-
At 31 December 2021/2020/ 01 January 2020	768,551	(804,493)	1,889,665
Analysed by:			
Current liabilities	650,853	767,274	799,183
Non-current liabilities	117,698	317,898	1,090,482
	768,551	1,085,172	1,889,665

15. TERM LOANS

The term loans are repayable as follows:

	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
Shown under current liabilities			
Within 1 year	390,460	423,420	410,369
Shown under non-current liabilities			
Between 2 to 5 years	1,710,760	1,872,780	1,874,977
After 5 years	873,369	206,580	228,551
	2,584,129	2,079,360	2,103,528
	2,974,589	2,502,780	2,513,897
Interest rate (%)	3.23 - 13.00	9.16 - 12.34	9.16 - 12.34

The term loans are secured by:

(a) a joint and several guarantee by the directors of the Company; and
(b) a legal charge over the certain investment properties of the Company.

16. TRADE PAYABLES

	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
Related parties	19,540	37,677	750
Other trade payables	841,787	1,149,500	930,925
	861,327	1,187,177	931,675
Credit term (days)	30 - 60	30 - 60	30 - 60

17. OTHER PAYABLES AND ACCRUALS

	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
Related parties	-	20,076	1,403,825
Other payables	-	-	148,582
Accruals	310,673	83,033	88,110
	310,673	103,109	1,640,517

18. BORROWINGS

	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
Multi trade line	3,298,000	2,545,000	2,939,000
Interest rates (%)	4.00 - 15.00	4.00 - 15.00	4.00 - 15.00

19. REVENUE

	2021 RM	2020 RM
Revenue from Contracts with Customers		
Recognised at a point in time		
Repair of mobile phone	27,035,220	25,013,066

20. OTHER INCOME

	2021 RM	2020 RM
Interest income	468	294,126
Incentive received	-	74,049
Reimbursement of rental income	1,425,174	1,146,420
Reimbursement of manpower	-	91,900
Reimbursement of expenses	-	6,717
Wages subsidy received	219,000	431,400
	1,644,642	2,044,612

21. OTHER OPERATING EXPENSES

	2021 RM	2020 RM
Depreciation of property and equipment	59,808	74,902
Depreciation of right-of-use assets	1,034,632	911,520
	1,094,440	986,422

22. FINANCE COSTS

	2021 RM	2020 RM
Borrowing interest	141,153	123,420
Interest on lease liabilities	87,489	116,721
Term loans interest	239,921	293,518
	468,563	533,659

23. PROFIT BEFORE TAXATION

	2021 RM	2020 RM
Profit before taxation is stated *after charging:*		
Auditors' remuneration		
- current year	30,000	15,000
- underprovision in the previous financial year	-	2,000
Lease expenses:		
- short-tem leases	248,299	259,714
- low-value assets	5,354	-
Staff costs *(Note 27)*	3,275,233	3,548,676

24. INCOME TAX EXPENSE

	2021 RM	2020 RM
Malaysian income tax:		
- current year's provision	284,000	206,973
- under provision in the previous financial year	5,869	-
	289,869	206,973
Deferred tax liabilities *(Note 8)* :		
- origination and reversal of temporary differences	2,731	(393)
	292,600	206,580

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

	2021 RM	2020 RM
Profit before taxation	1,307,837	880,261
Income tax expense at Malaysian statutory tax rate of 24%	313,881	211,263
• Adjustments for the following tax effects:		
- lower tax rate for small medium size industry	(42,000)	(42,000)
- expenses not deductible for tax purposes	14,850	140,853
- non taxable income	-	(103,536)
	(27,150)	(4,683)
• Under provision in the previous financial year	5,869	-
	292,600	206,580

The corporate tax on the first RM600,000 of chargeable income is 17%. The tax applicable to the balance of the chargeable income is 24%.

25. DIVIDEND

	2021 RM	2020 RM
Interim single tier dividend of RM0.91 per ordinary share in respect of the financial year ended 31 December 2020	1,000,000	-

26. CASH FLOW INFORMATION

(a) The cash disbursed for the addition of right-of-use assets is as follows:

Right-of-use assets	2021 RM	2020 RM
Cost of right-of-use assets acquired *(Note 7)*	192,345	-
Less: Additions of new lease liabilities *(Note 14)*	(192,345)	-
	-	-

(b) The reconciliations of liabilities arising from financing activities are as follow:

2021	Term loans RM	Borrowings RM	Lease liabilities RM	Amount owing to a director RM	Total RM
At 01 January 2021	2,502,780	2,545,000	1,085,172	-	6,132,952
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	749,700	18,345,000	-	-	19,094,700
Repayment of principal	(277,891)	(17,592,000)	(1,095,361)	-	(18,965,252)
Repayment of interests	(239,921)	(141,153)	(87,489)	-	(468,563)
Advances from a director	-	-	-	53,221	53,221
	231,888	611,847	(1,182,850)	53,221	(285,894)
<u>Non-cash Changes</u>					
Acquisition of new leases	-	-	778,740	-	778,740
Interest expenses recognised in profit or loss	239,921	141,153	87,489	-	468,563
	239,921	141,153	866,229	-	1,247,303
At 31 December 2021	2,974,589	3,298,000	768,551	53,221	7,094,361

	Term loans RM	Borrowings RM	Lease liabilities RM	Total RM
2020				
At 01 January 2020	2,513,897	2,939,000	1,889,665	7,342,562
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	100,000	15,450,420	-	15,550,420
Repayment of principal	(111,117)	(15,844,420)	(804,493)	(16,760,030)
Repayment of interests	(293,518)	(123,420)	(116,721)	(533,659)
	(304,635)	(517,420)	(921,214)	(1,743,269)
<u>Non-cash Changes</u>				
Interest expenses recognised in profit or loss	293,518	123,420	116,721	533,659
At 31 December 2020	2,502,780	2,545,000	1,085,172	6,132,952

(c) The total cash outflows for leases as a lessee are as follows:

	2021 RM	2020 RM
Interest paid on lease liabilities	87,489	116,721
Payment of lease liabilities	1,095,361	804,493
Payment of short-term leases	248,299	259,714
Payment of low-value assets	5,354	-
	1,436,503	1,180,928

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

	2021 RM	2020 RM
Cash and bank balances	523,358	513,948

27. STAFF COSTS

The staff costs recognised in the profit or loss are as follows:

	2021 RM	2020 RM
Salaries, allowances, bonus and commission	2,943,750	3,185,023
Defined contribution plan	289,873	317,654
Other employee benefits	41,610	45,999
	3,275,233	3,548,676
Included in staff costs are:		
Directors' remuneration:		
- fees	96,000	106,225
- salaries and allowances	74,600	118,031
- defined contribution plan	8,952	8,826
- other emoluments	924	-
	180,476	233,082

28. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Company is the directors of the Company.

(a) The key management personnel compensation during the financial year are as follows:

	2021 RM	2020 RM
Directors of the Company		
Short-term employee benefits:		
- fees	96,000	106,225
- salaries and allowances	74,600	118,031
- defined contribution plan	8,952	8,826
- other emoluments	924	-
	180,476	233,082

(b) Related party transactions and balances

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

	2021 RM	2020 RM
Sales	1,475,964	432,886
Interest income	-	293,518
Purchases	133,105	85,570
Salary paid to persons connected to a director	240,890	241,858

29. CAPITAL COMMITMENTS

	2021 RM	2020 RM
Purchase of investment properties	160,500	-

30. FINANCIAL INSTRUMENTS

The Company's activities are exposed to a variety of market risks (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.

(a) Financial Risk Management Policies

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

(i) 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.

(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 exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Company's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Company's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in *Notes 15* and *18* to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:

	31.12.2021	31.12.2020	01.01.2020
	RM	RM	RM
Effects on profit after taxation			
Increase of 100 basis points	(48,000)	(38,000)	(41,000)
Decrease of 100 basis points	48,000	38,000	41,000

(iii) *Equity Price Risk*

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

(ii) Credit Risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from 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.

Credit Risk Concentration Profile

The Company's major concentration of credit risk relates to the amounts owing by three customers which constituted approximately 63% of its trade receivables at the end of the reporting period.

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).

Assessment of Impairment Losses

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

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

Trade Receivables

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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

The Company considers any receivables having financial difficulty or with significant balances outstanding for more than e.g. 365 days, are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement 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 customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:

	Gross amount RM	Individual Impairment RM	Carrying amount RM
31.12.2021			
Current (not past due)	1,489,855	-	1,489,855
1 to 30 days past due	308,349	-	308,349
31 to 60 days past due	195,606	-	195,606
61 to 90 days past due	163,411	-	163,411
More than 91 days past due	617,109	-	617,109
	2,774,330	-	2,774,330
31.12.2020			
Current (not past due)	1,769,752	-	1,769,752
1 to 30 days past due	140,080	-	140,080
31 to 60 days past due	198,553	-	198,553
61 to 90 days past due	11,215	-	11,215
More than 91 days past due	80,611	-	80,611
	2,200,211	-	2,200,211
01.01.2020			
Current (not past due)	1,972,092	-	1,972,092
1 to 30 days past due	221,556	-	221,556
31 to 60 days past due	127,634	-	127,634
61 to 90 days past due	86,485	-	86,485
More than 91 days past due	78,216	-	78,216
	2,485,983	-	2,485,983

Other Receivables

The Company applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Company assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. 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 considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Cash and Bank Balances

The Company considers these banks and financial institutions have low credit risks. 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 hence, it is not provided for.

Amount Owing by Related Parties and Amount Owing by A Director (Non-trade balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

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

The information about the exposure to credit risk and the loss allowances calculated for the amount owing by related parties and a director are summarised below:

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
31.12.2021			
Low credit risk	4,922,858	-	4,922,858
31.12.2020			
Low credit risk	5,355,462	-	5,355,462
01.01.2020			
Low credit risk	5,743,260	-	5,743,260

(iii) 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 through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as 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):

31.12.2021	Carrying amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
Non-derivative Financial Liabilities					
Trade payables	861,327	861,327	861,327	-	-
Other payables and accruals	310,673	310,673	310,673	-	-
Amount owing to directors	53,221	53,221	53,221	-	-
Borrowings	3,298,000	3,321,637	3,321,637	-	-
Lease liabilities	768,551	804,014	680,112	123,902	-
Term loans	2,974,589	4,253,380	689,274	2,276,972	1,287,134
	8,266,361	9,604,252	5,916,244	2,400,874	1,287,134

31.12.2020	Carrying amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
Non-derivative Financial Liabilities					
Trade payables	1,187,177	1,187,177	1,187,177	-	-
Other payables and accruals	103,109	103,109	103,109	-	-
Borrowings	2,545,000	2,552,863	2,552,863	-	-
Lease liabilities	1,085,172	1,144,624	812,216	332,408	-
Term loans	2,502,780	3,475,898	546,811	2,479,197	449,890
	7,423,238	8,463,671	5,202,176	2,811,605	449,890

01.01.2020	Carrying amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
Non-derivative Financial Liabilities					
Trade payables	931,675	931,675	931,675	-	-
Other payables and accruals	1,640,517	1,640,517	1,640,517	-	-
Borrowings	2,939,000	2,947,848	2,947,848	-	
Lease liabilities	1,889,665	1,967,396	921,238	1,146,019	5,739
Term loans	2,513,897	3,970,593	694,788	2,523,581	752,224
	9,914,754	11,458,029	7,136,066	3,669,600	757,963

(b) 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 adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Company includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Company at the end of the reporting period was as follows:

	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
Borrowings	3,298,000	2,545,000	2,939,000
Lease liabilities	768,551	1,085,172	1,889,665
Term loans	2,974,589	2,502,780	2,513,897
	7,041,140	6,132,952	7,342,562
Less: Cash and bank balances	(523,358)	(513,948)	(916,249)
	6,517,782	5,619,004	6,426,313
Total equity	5,131,307	5,116,070	4,442,389
Dect-to-equity ratio	1.27	1.10	1.45

There was no change in the Company's approach to capital management during the financial year.

(c) Classification of Financial Instruments

	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
Financial Assets			
Amortised cost			
Trade receivables	2,774,330	2,200,211	2,485,983
Other receivables	4,949,545	5,277,339	5,706,854
Amount owing by a director	-	95,297	90,311
Cash and bank balances	523,358	513,948	916,249
	8,247,233	8,086,795	9,199,397
Financial Liabilities			
Amortised cost			
Trade payables	861,327	1,187,177	931,675
Other payables and accruals	310,673	103,109	1,640,517
Amount owing to a director	53,221	-	-
Borrowings	3,298,000	2,545,000	2,939,000
Lease liabilities	768,551	1,085,172	1,889,665
Term loans	2,974,589	2,502,780	2,513,897
	8,266,361	7,423,238	9,914,754

(d) Gain or Losses Arising from Financial Instruments

	31.12.2021 RM	31.12.2020 RM	01.01.2020 RM
Financial Assets			
Amortised cost			
Net gain recognised in profit or loss	468	294,126	282,730
Financial Liabilities			
Amortised cost			
Net losses recognised in profit or loss	468,563	533,659	402,361

(e) Fair Value Information

The fair values of the financial assets and financial liabilities of the Company which 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.

The following table sets out the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
31.12.2021					
Financial Liability					
Term loans	-	2,974,589	-	2,974,589	2,974,589
31.12.2020					
Financial Liability					
Term loans	-	2,502,780	-	2,502,780	2,502,780
01.01.2020					
Financial Liability					
Term loans	-	2,513,897	-	2,513,897	2,513,897

Fair Value of Financial Instruments Not Carried at Fair Value

The fair value of term loans that carry floating interest rates are approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

31. COMPARATIVES FIGURES

The comparative figures have been reclassified to conform with the presentation of the current financial year upon adoption of MRFSs as disclosed in *Note 32* to the financial statements.

32. TRANSITION TO THE MFRS FRAMEWORK

As stated in *Note 3(a)* to the financial statements, there are the first financial statements of the Company prepared in accordance with MFRSs. The accounting policies in *Note 4* to the financial statements have been applied to all financial information covered under this set of financial statements.

In preparing the opening MFRS statement of financial position at 01 January 2021 (date of transition), the Company has adjusted amounts reported previously in financial statements prepared in accordance with MPERS. The financial impacts on the transition are as below:

RECONCILIATION OF FINANCIAL POSITION

		<------ 31.12.2020			------>
	Note	MPERS RM	Transition Effects RM	Reclassification RM	MFRSs RM
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	*a*	297,122	(103,506)	-	193,616
Right-of-use assets	*a*	-	940,685	-	940,685
Deferred tax assets		2,731	-	-	2,731
TOTAL NON-CURRENT ASSETS		299,853	837,179	-	1,137,032
CURRENT ASSETS					
Inventories		2,731,122	-	-	2,731,122
Trade receivables		2,200,211	-	-	2,200,211
Other receivables and deposits		5,936,671	-	-	5,936,671
Amount owing by a director		95,297	-	-	95,297
Cash and bank balances		513,948	-	-	513,948
TOTAL CURRENT ASSETS		11,477,249	-	-	11,477,249
TOTAL ASSETS		11,777,102	837,179	-	12,614,281

		<------------------- 31.12.2020 ------------------->			
			Transition		
		MPERS	Effects	Reclassification	MFRSs
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital		1,100,000	-	-	1,100,000
Retained profits	*a*	4,120,697	(104,627)	-	4,016,070
TOTAL EQUITY		5,220,697	(104,627)	-	5,116,070
LIABILITIES					
NON-CURRENT LIABILITIES					
Finance leases payables	*a*	109,415	(109,415)	-	-
Lease liabilities	*a*	-	317,898	-	317,898
Term loans		2,079,360	-	-	2,079,360
TOTAL NON-CURRENT LIABILITIES		2,188,775	208,483	-	2,397,258
CURRENT LIABILITIES					
Trade payables		1,187,177	-	-	1,187,177
Other payables and accruals		103,109	-	-	103,109
Finance leases payables	*a*	33,951	(33,951)	-	-
Borrowings	*b*	2,395,000	-	150,000	2,545,000
Lease liabilities	*a*	-	767,274	-	767,274
Term loans	*b*	573,420	-	(150,000)	423,420
Current tax liabilities		74,973	-	-	74,973
TOTAL CURRENT LIABILITIES		4,367,630	733,323	-	5,100,953
TOTAL LIABILITIES		6,556,405	941,806	-	7,498,211
TOTAL EQUITY AND LIABILITIES		11,777,102	837,179	-	12,614,281

	Note	<------- 01.01.2020 -------> MPERS RM	Transition Effects RM	Reclassification RM	MFRSs RM
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	*a*	421,984	(160,035)	-	261,949
Right-of-use assets	*a*	-	1,852,205	-	1,852,205
Deferred tax assets		2,338	-	-	2,338
TOTAL NON-CURRENT ASSETS		424,322	1,692,170	-	2,116,492
CURRENT ASSETS					
Inventories		2,507,160	-	-	2,507,160
Trade receivables		2,485,983	-	-	2,485,983
Other receivables and deposits		6,366,186	-	-	6,366,186
Amount owing by a director		90,311	-	-	90,311
Cash and bank balances		916,249	-	-	916,249
TOTAL CURRENT ASSETS		12,365,889	-	-	12,365,889
TOTAL ASSETS		12,790,211	1,692,170	-	14,482,381

	Note	MPERS RM	Transition Effects RM	Reclassification RM	MFRSs RM
		<------ 01.01.2020			------>
EQUITY AND LIABILITIES					
EQUITY					
Share capital		1,100,000	-	-	1,100,000
Retained profits		3,342,389	-	-	3,342,389
TOTAL EQUITY		4,442,389	-	-	4,442,389
LIABILITES					
NON-CURRENT LIABILITIES					
Finance leases payables	*a*	148,673	(148,673)	-	-
Lease liabilities	*a*	-	1,090,482	-	1,090,482
Term loans		2,103,528	-	-	2,103,528
TOTAL NON-CURRENT LIABILITIES		2,252,201	941,809	-	3,194,010
CURRENT LIABILITIES					
Trade payables		931,675	-	-	931,675
Other payables and accruals		1,640,517	-	-	1,640,517
Finance leases payables	*a*	48,822	(48,822)	-	-
Borrowings	*b*	2,789,000	-	150,000	2,939,000
Lease liabilities	*a*	-	799,183	-	799,183
Term loans	*b*	560,369	-	(150,000)	410,369
Current tax liabilities		125,238	-	-	125,238
TOTAL CURRENT LIABILITIES		6,095,621	750,361	-	6,845,982
TOTAL LIABILITIES		8,347,822	1,692,170	-	10,039,992
TOTAL EQUITY AND LIABILITIES		12,790,211	1,692,170	-	14,482,381

RECONCILIATION OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	<------ 31.12.2020 ------> MPERS RM	Transition Effects RM	Reclassification RM	MFRSs RM
REVENUE		25,013,066	-	-	25,013,066
COST OF SALES		(20,367,212)	-	-	(20,367,212)
GROSS PROFIT		4,645,854	-	-	4,645,854
OTHER INCOME		2,044,612	-	-	2,044,612
MARKETING EXPENSES		(12,581)	-	-	(12,581)
ADMINISTRATIVE EXPENSES	a,b	(3,629,836)	859,724	(1,507,431)	(4,277,543)
OTHER OPERATING EXPENSES	a,b	(1,638,862)	(854,991)	1,507,431	(986,422)
FINANCE COSTS	a	(424,299)	(109,360)	-	(533,659)
PROFIT BEFORE TAXATION		984,888	(104,627)	-	880,261
INCOME TAX EXPENSE		(206,580)	-	-	(206,580)
PROFIT AFTER TAXATION		778,308	(104,627)	-	673,681

RECONCILIATION OF CASH FLOWS

	<------ 31.12.2020 ------> MPERS RM	Transition Effects RM	Reclassification RM	MFRSs RM
Net cash from operating activities	63,514	859,724	429,285	1,352,523
Net cash for investing activities	(6,569)	-	(4,986)	(11,555)
Net cash for financing activities	(459,246)	(859,724)	(424,299)	(1,743,269)

NOTES TO RECONCILIATIONS

(a) Right-of-use Assets

Upon transition to MFRSs, for leases that were classified as operating leases under MPERS, the Company measured the lease liabilities at the present value of the remaining lease payments at the date of transition to MFRSs, discounted using the Company's incremental borrowing rate at that date. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

For leases that were classified as finance leases, the Company recognised the carrying amount of the leased asset and lease liability immediately before the date of transition to MFRSs as the carrying amount of the right-of-use asset and the lease liability at that date.

The financial impacts arising from the change are summarised as follows:

(i) A decrease in property and equipment at 31 December 2020 and 01 January 2020 of RM103,506 and RM160,035 respectively.

(ii) An increase in right-of-use assets at 31 December 2020 and 01 January 2020 of RM940,685 and RM1,852,205 respectively.

(iii) An increase in lease liabilities at 31 December 2020 and 01 January 2020 of RM1,085,172 and RM1,889,665 respectively.

(iv) A decrease in financial lease payables at 31 December 2020 and 01 January 2020 of RM143,366 and RM197,495 respectively.

(v) The resulting adjustments on items (i) to (iv) above were adjusted against retained profits at 31 December 2020 and 01 January 2020.

(vi) An increase in depreciation charges of right-of-use assets and interest charges of lease liabilities by RM854,991 and RM109,360 respectively, and a decrease in rental expenses of RM859,724 for the financial year ended 31 December 2020; and

(vii) The resulting adjustments on item (vi) above was adjusted against retained profits at 31 December 2020.

(b) Reclassification of accounts for 31 December 2020 and 01 January 2020.

33. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 29 June 2022 by the Board of Directors.

Registration No. 200501013635 (690682-V)

MPS TELECOMMUNICATION SDN. BHD.

(Incorporated in Malaysia)

Reports and Financial Statements
31 December 2021

ANNEXURE A.2

MPS TELECOMMUNICATION SDN. BHD.

(Incorporated in Malaysia)

Reports and Financial Statements
31 December 2021

CONTENTS

MPS TELECOMMUNICATION SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial period ended 31 December 2021.

PRINCIPAL ACTIVITY

The Company is principally engaged in the business of trading in hand phones, telecommunication accessories and services. There has been no significant change in the nature of this activity during the financial period.

CHANGE OF FINANCIAL YEAR END

During the current financial period, the Company has changed its financial year end from 31 August to 31 December to coincide with the financial year of its holding company.

FINANCIAL RESULTS

	RM
Profit after taxation	935,535

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial period.

ISSUE OF SHARES AND DEBENTURES

There was no issue of shares or debentures by the Company during the financial period.

OPTIONS

No option has been granted during the financial period to take up unissued shares of the Company.

HOLDING COMPANY

On 1 January 2022, Circle International Holdings Limited acquired the entire share capital of the Company, resulting in the Company becoming a wholly-owned subsidiary of Circle International Holdings Limited, a Company incorporated in Cayman Islands and listed on the National Stock Exchange of Australia.

DIRECTORS

The directors in office during the financial period and during the period from end of the financial period to the date of this report are:

Lim Shwu Woan
Chong Joe Yi

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial period in shares or debentures in the Company during the financial period were as follows:

	No. of Ordinary Shares			
	As at 01.09.2020	*Bought*	*Sold*	*As at 31.12.2021*
Lim Shwu Woan	1,125,000	-	-	1,125,000
Chong Joe Yi	375,000	-	-	375,000

DIRECTORS' REMUNERATION

Details of the directors' remuneration are disclosed in *Note 28* to the financial statements.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (*other than the benefits shown under directors' remuneration*) 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.

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

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been the directors, officers or auditors of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper 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 were no known bad debts and that no allowance for impairment losses on receivables is required; and

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

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

(a) which would render the amounts written off for bad debts or the amount of the allowance for impairment losses on receivables inadequate to any substantial extent; or

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

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

In the interval between the end of the financial period and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Company for the current financial period; and

(b) no charge has arisen on the assets of the Company which secures the liabilities of any other person nor has any contingent liability arisen in the Company.

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 period which, in the opinion of the directors, will or may affect the ability of the Company to meet its obligations when they fall due.

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 which would render any amount stated in the financial statements misleading.

In the opinion of the directors:

(a) the results of the operations of the Company during the financial period were not substantially affected by an items, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operation of the Company for the financial period in which this report is made.

AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in *Note 26* to the financial statements.

AUDITORS

The auditors, Messrs Tong & Associates, Chartered Accountants, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

LIM SHWU WOAN
Director

CHONG JOE YI
Director

Date: 2 9 JUN 2022

Registration No. 200501013635 (690682-V)

MPS TELECOMMUNICATION SDN. BHD.

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

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

In the opinion of the directors, the financial statements set out on pages 10 to 58 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 at 31 December 2021 and of its financial performance and cash flows for the financial period ended on that date.

Signed on 29 JUN 2022

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

LIM SHWU WOAN

CHONG JOE YI

STATUTORY DECLARATION

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

I, Lim Shwu Woan, I/C No. 720624-14-5888, being the director primarily responsible for the financial management of MPS Telecommunication Sdn. Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 10 to 58 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared at Petaling Jaya in the
State of Selangor Darul Ehsan on
29 JUN 2022

LIM SHWU WOAN

Before me:

PESURUHJAYA SUMPAH
No. B 519
CHUA FONG LING
01/01/2021 - 31/12/2023
MALAYSIA
No. 11-2B, Jalan PJU 1/3F,
Sunwaymas Commercial Centre,
47301 Petaling Jaya, Selangor

Commissioner for Oaths

ETH

Tong & Associates
Chartered Accountants [AF 002034]

E-03-01, Pacific Place Commercial Centre,
Jalan PJU 1A/4, Ara Damansara,
47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel. no. +603 7493 4097
www.ethconsulting.com.my
audit@ethconsulting.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MPS TELECOMMUNICATION SDN. BHD.

(Incorporated in Malaysia)
Registration No. 200501013635 (690682-V)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MPS Telecommunication Sdn. Bhd., which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 58.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the financial period 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.

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.

- 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 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

The financial statements of the Company for the proceeding financial year were audited by another firm of auditors whose report dated 16 February 2021, expressed an unmodified opinion on those financial statements.

ETH **Tong & Associates**
Chartered Accountants [AF 002034]

Registration No. 200501013635 (690682-V)

Other Matters

1. As stated in *Note 3(a)* to the financial statements, MPS Telecommunication Sdn. Bhd. adopted Malaysian Financial Reporting Standards on 1 September 2020 with a transition date of 1 September 2019. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statement of financial position as at 31 August 2020 and 1 September 2019, 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 ended 31 August 2020 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements for the financial period ended 31 December 2021, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 September 2020 do not contain misstatements that materially affect the financial position as at 31 December 2021 and the financial performance and cash flows for the financial period then ended.

2. 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.

Tong & Associates
TONG & ASSOCIATES
[AF 002034]
Chartered Accountants

WONG YEONG LEE
03328 / 09 / 2023 J
Chartered Accountant

Petaling Jaya,
Date: 29 June 2022

MPS TELECOMMUNICATION SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

	Note	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	5	1,251,276	1,402,640	1,510,882
Investment properties	6	18,701,310	7,201,310	1,139,000
Right-of-use assets	7	288,456	707,937	1,327,100
TOTAL NON-CURRENT ASSETS		20,241,042	9,311,887	3,976,982
CURRENT ASSETS				
Inventories	8	7,067,572	6,250,123	12,254,361
Trade receivables	9	4,280,498	8,376,206	4,036,049
Other receivables and deposits	10	5,459,133	10,590,118	3,481,267
Amount owing by a director	11	-	-	183,514
Current tax assets		105,980	-	-
Fixed deposits with a licensed bank	12	1,189,175	1,146,512	1,061,058
Cash and bank balances		1,991,406	725,586	706,262
TOTAL CURRENT ASSETS		20,093,764	27,088,545	21,722,511
TOTAL ASSETS		40,334,806	36,400,432	25,699,493

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

MPS TELECOMMUNICATION SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

	Note	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
EQUITY AND LIABILITIES				
EQUITY				
Share capital	*13*	1,500,000	1,500,000	1,500,000
Retained profits		7,000,937	6,065,402	5,538,947
TOTAL EQUITY		8,500,937	7,565,402	7,038,947
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred tax liabilities	*14*	53,640	53,640	50,226
Lease liabilities	*15*	211,866	283,770	243,997
Term loans	*16*	18,345,904	13,438,383	2,546,963
TOTAL NON-CURRENT LIABILITIES		18,611,410	13,775,793	2,841,186
CURRENT LIABILITIES				
Trade payables	*17*	4,068,154	4,757,013	7,185,414
Other payables and accruals	*18*	3,347,621	2,328,210	2,788,887
Amount owing to a director	*11*	749,620	711,759	-
Contract liabilities	*19*	332,661	118,365	-
Lease liabilities	*15*	199,321	487,981	1,072,764
Borrowings	*20*	1,701,246	5,542,768	4,171,000
Term loans	*16*	1,329,287	541,194	95,593
Current tax liabilities		-	81,726	3,089
Bank overdraft	*21*	1,494,549	490,221	502,613
TOTAL CURRENT LIABILITIES		13,222,459	15,059,237	15,819,360
TOTAL LIABILITIES		31,833,869	28,835,030	18,660,546
TOTAL EQUITY AND LIABILITIES		40,334,806	36,400,432	25,699,493

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

MPS TELECOMMUNICATION SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the financial period ended 31 December 2021

	Note	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.08.2020 RM
REVENUE	*22*	199,345,186	73,351,100
COST OF SALES		(192,197,250)	(68,203,930)
GROSS PROFIT		7,147,936	5,147,170
OTHER INCOME	*23*	1,666,526	751,195
MARKETING EXPENSES		(230,129)	(35,536)
ADMINISTRATIVE EXPENSES		(4,205,388)	(3,423,250)
OTHER OPERATING EXPENSES	*24*	(925,695)	(990,600)
FINANCE COSTS	*25*	(2,054,566)	(660,473)
PROFIT BEFORE TAXATION	*26*	1,398,684	788,506
INCOME TAX EXPENSE	*27*	(463,149)	(262,051)
PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR		935,535	526,455
PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR ATTRIBUTABLE TO:			
Owners of the Company		935,535	526,455

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

MPS TELECOMMUNICATION SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
for the financial period ended 31 December 2021

	Note	Share capital	Retained profits	Total
		RM	RM	RM
At 01 September 2019		1,500,000	5,538,947	7,038,947
Profit after taxation/Total comprehensive income for the financial year				
- As previously reported		-	550,637	550,637
- Effects of the transition to the MFRS framework	*34*	-	(24,182)	(24,182)
- As restated		-	526,455	526,455
At 31 August 2020/01 September 2020		1,500,000	6,065,402	7,565,402
Profit after taxation/Total comprehensive income for the financial period		-	935,535	935,535
At 31 December 2021		1,500,000	7,000,937	8,500,937

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

MPS TELECOMMUNICATION SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
for the financial period ended 31 December 2021

	Note	01.09.2020 to 31.08.2021 RM	01.09.2019 to 31.08.2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,398,684	788,506
Adjustments for:			
Depreciation of property and equipment		222,051	148,492
Depreciation of right-of-use assets		703,644	842,108
Interest expenses		2,054,566	660,473
Gain on disposal of property and equipment		-	(54,120)
Interest income		(42,663)	(35,454)
Operating profit before working capital changes		4,336,282	2,350,005
(Increase)/Decrease in inventories		(817,449)	6,004,238
Decrease/(Increase) in receivables		9,226,693	(11,449,008)
Increase/(Decrease) in payables		330,552	(2,889,078)
Increase in contract liabilities		214,296	118,365
Cash generated from/(used in) operations		13,290,374	(5,865,478)
Income tax paid		(650,855)	(180,000)
Interest paid		(597,573)	(34,553)
Interest received		42,663	35,454
Net cash generated from/(used in) operating activities		12,084,609	(6,044,577)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in pledged fixed deposits with a licensed bank		(42,663)	(85,454)
Repayment from a director		-	183,514
Proceeds on disposal of property and equipment		-	147,800
Purchase of right-of-use assets	*29(a)*	-	(18,467)
Purchase of property and equipment		(70,687)	(133,930)
Purchase of investment properties		(11,500,000)	(6,062,310)
Net cash used in investing activities		(11,613,350)	(5,968,847)

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

MPS TELECOMMUNICATION SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
for the financial period ended 31 December 2021

	Note	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.08.2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from a director	*29(d)*	37,861	711,759
Repayment of lease liabilities	*29(d)*	(644,727)	(749,488)
Drawdown of borrowings	*29(d)*	20,927,586	5,542,768
Repayment of borrowing	*29(d)*	(24,769,108)	(4,171,000)
Drawdown of term loans	*29(d)*	8,893,300	11,360,500
Repayment of term loans	*29(d)*	(3,197,686)	(23,479)
Interest expenses paid	*29(d)*	(1,456,993)	(625,920)
Net cash (used in)/generated from financing activities		(209,767)	12,045,140
Net increase in cash and cash equivalents		261,492	31,716
Cash and cash equivalents at beginning of financial year		235,365	203,649
Cash and cash equivalents at end of financial year	*29(c)*	496,857	235,365

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

MPS TELECOMMUNICATION SDN. BHD.

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The Company is principally engaged in the business of trading in hand phones, telecommunication accessories and services. There has been no significant change in the nature of this activity during the financial period.

The address of the registered office of the Company is Unit SO-07-06, The Strata Offices, Menara 1, KL Eco City, No. 3, Jalan Bangsar, 59200 Kuala Lumpur, W. P. Kuala Lumpur.

The address of the principal place of business of the Company is Lot 3A.016-020, 4th Floor Endah Parade, No. 1, Jalan 1/149E, Sri Petaling, 57000 Kuala Lumpur, W. P. Kuala Lumpur.

During the current financial period, the Company has changed its financial year end from 31 August to 31 December to coincide with the financial year of its holding company.

2. HOLDING COMPANY

On 1 January 2022, Circle International Holdings Limited acquired the entire share capital of the Company, resulting in the Company becoming a wholly-owned subsidiary of Circle International Holdings Limited, a company incorporated in Cayman Islands and listed on the National Stock Exchange of Australia.

3. 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 significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

(a) These are the Company's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Company were prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS").

The transition to MFRSs is accounted for in accordance with MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards', with 01 September 2019 as the date of transition. An opening statement of financial position as at the date of transition has been prepared based on the accounting policies as described in *Note 4* to the financial statements. Such accounting policies have also been applied to other financial information covered under this set of financial statements, including the comparative information presented. The financial impacts on the transition from MPERS to MFRSs are disclosed in *Note 34* to the financial statements.

(b) 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 period:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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 their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgement

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:

(i) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment 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 property and equipment 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.

(ii) 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.

(iii) Impairment of Trade Receivables

The Company uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. 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 of trade receivables.

(iv) 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.

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:

(i) 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).

(b) Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Company reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Company has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery a part of the cost of the equity investments.

(ii) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(iii) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Impairment

(i) Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(ii) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(d) <u>Cash and Cash Equivalents</u>

Cash comprises cash and bank balances including bank overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

(e) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

	%
Computer equipment	30
Freehold shoplot	2
Furniture and fittings	10
Motor vehicles	20
Office equipment	10
Renovation	10

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

An item of property and equipment are derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the different between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

(f) Investment Properties

Investment properties are properties which are owned or right-to-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

If the Company determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Company shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Company is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Company shall measure that property at its fair value.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If the owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property and equipment up to the date of change in use.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value after adequate allowance has been made for all damaged, obsolete and slow-moving items. The cost comprises the original cost of purchase plus the cost of bringing these inventories to their intended location. Cost is determined on the first-in, first-out basis.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(h) Income Tax Expense

(i) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the taxation authority.

(i) Employee Benefit

(i) Short-Term Employee Benefits

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

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

(ii) Defined Contributions Plans

The Company make statutory contributions to approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Company has no further payment obligations.

(j) Functional and Foreign Currency

(i) Functional and Presentation Currency

The financial statements are presented in the currency of the primary economic environment in which the Company operate, which is the functional currency.

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

(ii) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(k) Revenue

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 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 overtime 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.

(i) Sale of Goods

Revenue from the sale of goods is recognised at a point in time when control of the goods has been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

(ii) Incentives

The Company receives incentives from suppliers for various programs, primarily advertisement and promotional incentives and central distribution charges. Incentives are recognised as other revenue when the Company achieved the performance obligations for central distribution arrangement, and promotional programs have been fulfilled by the Company in accordance with the terms as stipulated in the trade agreements with vendors.

(l) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

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

(m) <u>Leases</u>

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. 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 representative of the time pattern in which economic benefits from the leased assets are consumed.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Company or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

(n) Borrowing Costs

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

(o) Contract Liability

A contract liability is stated at cost and represents the obligation of the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(p) Other Income

(i) Interest Income

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

(ii) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

5. PROPERTY AND EQUIPMENT

The details of property and equipment are as follows:

	Computer, office equipment, furniture and fittings	Freehold shoplot	Motor vehicles	Renovation	Total
Cost	RM	RM	RM	RM	RM
At 01 September 2019	1,798,269	840,108	666,422	1,092,085	4,396,884
Initial Application of MFRS 16	-	-	(351,587)	-	(351,587)
As restated	1,798,269	840,108	314,835	1,092,085	4,045,297
Addition	133,930	-	-	-	133,930
Disposal	(147,800)	-	-	-	(147,800)
At 31 August 2020/01 September 2020	1,784,399	840,108	314,835	1,092,085	4,031,427
Additions	10,687	-	60,000	-	70,687
At 31 December 2021	1,795,086	840,108	374,835	1,092,085	4,102,114
Accumulated depreciation					
At 01 September 2019	1,320,450	188,243	385,153	710,887	2,604,733
Initial Application of MFRS 16	-	-	(70,318)	-	(70,318)
As restated	1,320,450	188,243	314,835	710,887	2,534,415
Charge for the year	76,666	16,802	-	55,024	148,492
Disposal	(54,120)	-	-	-	(54,120)
At 31 August 2020/01 September 2020	1,342,996	205,045	314,835	765,911	2,628,787
Charge for the period	112,783	22,403	1,000	85,865	222,051
At 31 December 2021	1,455,779	227,448	315,835	851,776	2,850,838
Carrying amount					
At 31 December 2021	339,307	612,660	59,000	240,309	1,251,276
At 31 August 2020	441,403	635,063	-	326,174	1,402,640
At 01 September 2019	477,819	651,865	-	381,198	1,510,882

The freehold shoplot of the Company has been pledged to licensed banks as security for banking facilities granted to the Company.

6. INVESTMENT PROPERTIES

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Carrying amount			
At 01 September 2020/2019	7,201,310	1,139,000	1,139,000
Addition during the financial year	11,500,000	6,062,310	-
	18,701,310	7,201,310	1,139,000
Represented by:			
Freehold buildings	16,900,000	5,671,310	-
Freehold buildings under construction	1,801,310	1,530,000	1,139,000
	18,701,310	7,201,310	1,139,000

The details of the Company's investment properties that are carried at fair values are analysed as follows:

	Level 2 RM	Total RM
31 December 2021		
Freehold buildings	16,900,000	16,900,000
31 August 2020		
Freehold buildings	5,671,310	5,671,310
01 September 2019		
Freehold buildings	-	-

The level 2 fair value of the freehold buildings has been derived using the market comparison approach with reference to sales price of comparable properties in close proximity, adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial period.

The freehold buildings currently under construction is stated at cost. The fair value of these properties are unable to be determined reliably as there are uncertainties in estimating its fair value at this juncture.

The investment properties of the Company have been pledged to licensed banks as security for the bank facilities granted to the Company.

The investment properties of the Company are leased to customers under operating leases with rentals payable monthly.

7. RIGHT-OF-USE ASSETS

	Retail stores RM	Motor vehicles RM	Total RM
Carrying amount			
At 01 September 2019			
- As previously reported	-	-	-
- initial application of MFRS 16	1,045,831	281,269	1,327,100
- As restated	1,045,831	281,269	1,327,100
Addition *(Note 29 (a))*	-	89,467	89,467
Lease modification *(Note 15)*	133,478	-	133,478
Depreciation charges during the financial year	(753,897)	(88,211)	(842,108)
At 31 August 2020/01 September 2021	425,412	282,525	707,937
Lease modification *(Note 15)*	284,163	-	284,163
Depreciation charges during the financial period	(586,031)	(117,613)	(703,644)
At 31December 2021	123,544	164,912	288,456

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Analysed by:			
Cost	826,729	1,534,053	1,397,418
Accumulated depreciation	(538,273)	(826,116)	(70,318)
	288,456	707,937	1,327,100

The Company leases office and apartment of which the leasing activities are summarised below:

(i) Retail stores: The Company has leased a number of retail stores that run between 1 and 2 (2020 - 1 and 2) years, with an option to renew the lease after that date. Lease payments are increased every 2 years (2020 - 2 years) to reflect current market rentals. The Company is not allowed to sublease the retail stores.

(ii) Motor vehicles: The Company has leased motor vehicles under hire purchase arrangements.

8. INVENTORIES

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Finished goods	7,067,572	6,250,123	12,254,361
Recognised in profit or loss:			
Inventories recognised as cost of sales	192,197,250	68,203,930	125,345,653

Inventories comprise of merchandise held for resale and are stated at cost. None of the inventories is stated at net realisable value.

9. TRADE RECEIVABLES

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Related parties	758,894	1,205,698	16,796
Other trade receivables	3,521,604	7,170,508	4,045,164
	4,280,498	8,376,206	4,061,960
Less: Impairment losses	-	-	(25,911)
Finished goods	4,280,498	8,376,206	4,036,049
Credit term (days)	30 - 60	30 - 60	30 - 60

10. OTHER RECEIVABLES AND DEPOSITS

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Other receivables	3,078,952	207,533	1,699,749
Related parties	855,545	8,110	600,415
Deposits	526,580	471,861	559,862
Deposit for puchase of a factory	-	9,062,000	-
Staff advances	964,092	691,624	621,241
Prepayments	33,964	-	-
Advances payment to suppliers	-	148,990	-
	5,459,133	10,590,118	3,481,267

11. AMOUNTS OWING BY/(TO) A DIRECTOR

These amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand.

12. FIXED DEPOSITS WITH A LICENSED BANK

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Fixed deposits with a licensed bank	1,189,175	1,146,512	1,061,058
Interest rates (%)	1.85	3.45	3.45
Maturity period (months)	12	12	12

Included in the fixed deposits with a licensed bank of the Company at the end of the reporting period was an amount of RM1,189,175 (31.08.2020: RM1,146,512, 01.09.2019: RM1,061,058) which have been pledged to a licensed bank as security for banking facilities granted to the Company.

13. SHARE CAPITAL

	31.12.2021	31.08.2020	01.09.2019
	<------------------	Number of shares	--------------------->
Issued and fully paid-up			
Ordinary shares	1,500,000	1,500,000	1,500,000
	RM	RM	RM
Issued and fully paid-up			
Ordinary shares	1,500,000	1,500,000	1,500,000

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company.

14. DEFERRED TAX LIABILITIES

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
At 1 September 2020/2019	53,640	50,226	50,226
Recognised in profit or loss *(Note 27)*	-	3,414	-
At 31 December 2021/31 August 2020/ 0 01 September 2019	53,640	53,640	50,226

Deferred tax liabilities are attributable to the temporary difference on accelerated capital allowances.

15. LEASE LIABILITIES

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
At 01 September 2020/2019			
- As previously reported	771,751	1,316,761	-
- Initial application of MFRS 16	-	-	1,316,761
- As restated	771,751	1,316,761	1,316,761
Addition *(Note 29(a))*	-	71,000	-
Lease modification *(Note 7)*	284,163	133,478	-
	1,055,914	1,521,239	1,316,761
Interest expenses recognised in profit or loss	49,581	54,494	-
Repayment of principal	(644,727)	(749,488)	-
Repayment of interest expenses	(49,581)	(54,494)	-
At 31 December 2021/31 August 2020/ 01 September 2019	411,187	771,751	1,316,761
Analysed by:			
Current liabilities	199,321	487,981	1,072,764
Non-current liabilities	211,866	283,770	243,997
	411,187	771,751	1,316,761

16. TERM LOANS

The term loans are repayable as follows:

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Shown under current liabilities			
Within 1 year	1,329,287	541,194	95,593
Shown under non-current liabilities			
Between 2 to 5 years	5,744,161	2,425,057	447,294
After 5 years	12,601,743	11,013,326	2,099,669
	18,345,904	13,438,383	2,546,963
	19,675,191	13,979,577	2,642,556
Interest rates (%)	3.17 - 7.27	3.19 - 5.70	4.33 - 6.20

The term loans are secured by:

(a) a legal charge over all investment properties of the Company;
(b) a legal charge over a freehold shoplot of the Company;
(c) a joint and several guarantee by the directors of the Company; and
(d) fixed deposits pledge to a licensed bank of the Company.

17. TRADE PAYABLES

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Related parties	257,937	205,500	373,655
Other trade payables	3,810,217	4,551,513	6,811,759
	4,068,154	4,757,013	7,185,414
Credit term (days)	30 - 90	30 - 90	30 - 90

18. OTHER PAYABLES AND ACCRUALS

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Other payables	-	41,700	-
Related parties	3,091,246	2,040,895	2,412,630
Accruals	218,875	215,615	376,257
Deposit received	37,500	30,000	-
	3,347,621	2,328,210	2,788,887

19. CONTRACT LIABILITIES

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Contract liabilities relating to sales of mobile phones	332,661	118,365	-

The contract liabilities primarily relate to advance considerations received from few customers for sales of mobile phones. The amount will be recognised as revenue when the performance obligations are satisfied of which the revenue will be recognised.

20. BORROWINGS

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Multi trade line	1,701,246	4,434,560	4,171,000
Factoring	-	1,108,208	-
	1,701,246	5,542,768	4,171,000
Interest rates (%)	1.25 - 2.50	1.25 - 5.00	5.00

The borrowing is secured by:

(a) A legal charge over a property of the Company; and
(b) A personal guarantee of the directors of the Company.

21. BANK OVERDRAFT

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Bank overdraft	1,494,549	490,221	502,613
Interest rates (%)	6.90 - 7.50	7.10	7.10

The bank overdraft is secured by:

(a) a legal charge over the certain investment properties of the Company;
(b) a legal charge over a freehold shoplot of the Company;
(c) a joint and several guarantee by the directors of the Company; and
(d) fixed deposits pledge to a licensed bank of the Company.

22. REVENUE

	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.08.2020 RM
Revenue from Contracts with Customers		
<u>Recognised at a point in time</u>		
Sale of goods	197,261,735	72,434,878
Incentive	2,083,451	916,222
	199,345,186	73,351,100

23. OTHER INCOME

	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.08.2020 RM
Bad debts recovery	-	25,911
Interest income	42,663	35,454
Rental income	786,000	15,000
Realised gain on forex exchange	383,263	230,727
Reimbursement of manpower	280,000	180,000
Gain on disposal of property, plant and equipment	-	54,120
Wages subsidy received	174,600	181,200
Other income	-	28,783
	1,666,526	751,195

24. OTHER OPERATING EXPENSES

	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.08.2020 RM
Depreciation of property and equipment	222,051	148,492
Depreciation of right-of-use assets	703,644	842,108
	925,695	990,600

25. FINANCE COSTS

	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.08.2020 RM
Lease liabilities interest	49,581	54,494
Term loans interest	1,062,574	310,609
Borrowings interest	344,838	260,817
Bank overdraft interest	597,573	34,553
	2,054,566	660,473

26. PROFIT BEFORE TAXATION

	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.08.2020 RM
Profit before taxation is stated *after charging:*		
Auditors' remuneration	40,000	20,000
Lease expenses - short-term leases	-	73,543
Staff costs *(Note 28)*	2,949,208	2,413,625

27. INCOME TAX EXPENSE

	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.08.2020 RM
Malaysian income tax:		
- current year's provision	464,000	262,142
- over provision in the previous financial years	(851)	(3,505)
	463,149	258,637
Deferred tax liabilities *(Note 14)* :		
- origination and reversal of temporay differences	-	3,414
	463,149	262,051

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

	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.12.2020 RM
Profit before taxation	1,398,684	788,506
Income tax expense at Malaysian statutory tax rate of 24%	335,684	189,241
• Adjustments for the following tax effects:		
- expenses not deductible for tax purposes	128,316	89,304
- non taxable income	-	(12,989)
	128,316	76,315
• Over provision in the previous financial years	(851)	(3,505)
	463,149	262,051

28. STAFF COSTS

The staff costs recognised in the profit or loss are as follows:

	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.12.2020 RM
Salaries, allowances, bonus and commission	2,698,407	2,185,031
Defined contribution plan	208,275	198,066
Other employee benefits	42,526	30,528
	2,949,208	2,413,625
Included in staff costs are:		
Directors' remuneration:		
- fees	449,000	277,284
- salaries and allowances	40,000	8,000
- defined contribution plan	4,800	1,040
- other emoluments	1,380	621
	495,180	286,945

29. CASH FLOW INFORMATION

(a) The cash disbursed for the addition of right-of-use assets is as follows:

Right-of-use assets	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.08.2020 RM
Cost of right-of-use assets acquired *(Note 7)*	-	89,467
Less: Additions of new lease liabilities	-	(71,000)
	-	18,467

(b) The total cash outflows for leases as a lessee are as follows:

	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.08.2020 RM
Interest paid on lease liabilities	49,581	54,494
Payment of lease liabilities	644,727	749,488
Payment of short-term leases	-	73,543
	694,308	877,525

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

	31.12.2021 RM	31.08.2020 RM
Cash and bank balances	1,991,406	725,586
Fixed deposits with a licensed bank	1,189,175	1,146,512
Cash and bank balances	(1,494,549)	(490,221)
	1,686,032	1,381,877
Less: Fixed deposits pledged to a licensed bank	(1,189,175)	(1,146,512)
	496,857	235,365

(d) The reconciliations of liabilities arising from financing activities are as follow:

31.12.2021	Term loans RM	Borrowings RM	Lease liabilities RM	Amount owing to a director RM	Total RM
At 01 Spetember 2020	13,979,577	5,542,768	771,751	711,759	21,005,855
Changes in Financing Cash Flows					
Advances from a director	-	-	-	37,861	37,861
Proceeds from drawdown	8,893,300	20,927,586	-	-	29,820,886
Repayment of principal	(3,197,686)	(24,769,108)	(644,727)	-	(28,611,521)
Repayment of interests	(1,062,574)	(344,838)	(49,581)	-	(1,456,993)
	4,633,040	(4,186,360)	(694,308)	37,861	(209,767)
Non-cash Changes					
Acquisition of new leases	-	-	284,163	-	284,163
Interest expenses recognised in profit or loss	1,062,574	344,838	49,581	-	1,456,993
	1,062,574	344,838	333,744	-	1,741,156
At 31 December 2021	19,675,191	1,701,246	411,187	749,620	22,537,244

31.08.2020	Term loans RM	Borrowings RM	Lease liabilities RM	Amount owing to a director RM	Total RM
At 01 September 2019	2,642,556	4,171,000	1,316,761	-	8,130,317
Changes in Financing Cash Flows					
Advances from a director	-	-	-	711,759	711,759
Proceeds from drawdown	11,360,500	5,542,768	-	-	16,903,268
Repayment of principal	(23,479)	(4,171,000)	(749,488)	-	(4,943,967)
Repayment of interests	(310,609)	(260,817)	(54,494)	-	(625,920)
	11,026,412	1,110,951	(803,982)	711,759	12,045,140
Non-cash Changes					
Acquisition of new leases	-	-	204,478	-	204,478
Interest expenses recognised in profit or loss	310,609	260,817	54,494	-	625,920
	310,609	260,817	258,972	-	830,398
At 31 August 2020	13,979,577	5,542,768	771,751	711,759	21,005,855

30. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Company is the directors of the Company.

(a) The key management personnel compensation during the financial period/year are as follows:

	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.08.2020 RM
Key management personnel		
Directors' remuneration:		
- fees	449,000	277,284
- salaries and allowances	40,000	8,000
- defined contribution plan	4,800	1,040
- other emoluments	1,380	621
	495,180	286,945

(b) 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 period:

	01.09.2020 to 31.12.2021 RM	01.09.2019 to 31.08.2020 RM
Sales	1,916,569	2,899,227
Purchase incentives received	-	60,020
Reimbursement of manpower	280,000	180,000
Salary paid to persons connected with directors	(210,415)	(187,564)
Cost of sales	(4,875,263)	(487,392)
Expenses	(5,079)	(314,730)

31. FINANCIAL INSTRUMENTS

The Company's activities are exposed to a variety of market risks (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.

(a) Financial Risk Management Policies

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

(i) Market Risk

(i) Foreign Currency Risk

The Company is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Company. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the functional currency of the Company does not have a material impact on the profit/loss after taxation and other comprehensive income of the Company and hence no sensitivity analysis is presented.

(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 exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Company's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Company's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in *Note 16, 20* and *21* to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest at the end of the reporting period, with all other variables held constant:

	31.12.2021	31.08.2020	01.09.2019
	RM	RM	RM
Effects on profit after taxation			
Increase of 100 basis points	(174,000)	(152,000)	(56,000)
Decrease of 100 basis points	174,000	152,000	56,000

(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 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.

Credit Risk Concentration Profile

The Company's major concentration of credit risk relates to the amounts owing by three customers which constituted approximately 41% of its trade receivables at the end of the reporting period.

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).

Assessment of Impairment Losses

At each reporting date, the Company assesses whether any of the financial assets at amortised cost.

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

Trade Receivables

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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

The Company considers any receivables having financial difficulty or with significant balances outstanding for more than e.g. 365 days, are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement 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 customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables are summarised below:

	Gross amount RM	Individual Impairment RM	Carrying amount RM
31.12.2021			
Current (not past due)	1,079,572	-	1,079,572
1 to 30 days past due	492,122	-	492,122
31 to 60 days past due	25,431	-	25,431
61 to 90 days past due	59,991	-	59,991
More than 91 days past due	2,623,382	-	2,623,382
	4,280,498	-	4,280,498
31.08.2020			
Current (not past due)	3,813,945	-	3,813,945
1 to 30 days past due	681,864	-	681,864
31 to 60 days past due	343,351	-	343,351
61 to 90 days past due	527,378	-	527,378
More than 91 days past due	3,009,668	-	3,009,668
	8,376,206	-	8,376,206
01.09.2019			
Current (not past due)	1,539,478	-	1,539,478
1 to 30 days past due	293,887	-	293,887
31 to 60 days past due	726,036	-	726,036
61 to 90 days past due	28,821	-	28,821
More than 91 days past due	1,473,738	(25,911)	1,447,827
	4,061,960	(25,911)	4,036,049

Other Receivables

The Company applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Company assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. 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 considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Cash and Bank Balances

The Company considers these banks and financial institutions have low credit risks. 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 hence, it is not provided for.

Amount Owing by Related Parties and Amount Owing by A Director (Non-trade balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-Company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

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

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by a related party are summarised below:

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
31.12.2021			
Low credit risk	855,545	-	855,545
31.08.2020			
Low credit risk	8,110	-	8,110
01.09.2019			
Low credit risk	783,929	-	783,929

(iii) 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 commented credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as 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):

31.12.2021	Carrying amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
Non-derivative Financial Liabilities					
Trade payables	4,068,154	4,068,154	4,068,154	-	-
Other payables and accruals	3,310,121	3,310,121	3,310,121	-	-
Amount owing to a director	749,620	749,620	749,620	-	-
Lease liabilities	411,187	474,680	185,604	220,320	68,756
Borrowings	1,701,246	1,717,285	1,717,285	-	-
Term loans	19,675,191	32,637,352	2,133,354	8,174,035	22,329,963
Bank overdraft	1,494,549	1,494,549	1,494,549	-	-
	31,410,068	44,451,761	13,658,687	8,394,355	22,398,719

31.08.2020	Carrying amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
<u>Non-derivative Financial Liabilities</u>					
Trade payables	4,757,013	4,757,013	4,757,013	-	-
Other payables and accruals	2,298,210	2,298,210	2,298,210	-	-
Amount owing to directors	711,759	711,759	711,759	-	-
Lease liabilities	771,751	1,144,045	492,884	530,805	120,356
Borrowings	5,542,768	5,803,585	5,803,585	-	-
Term loans	13,979,577	29,565,364	1,215,102	4,860,408	23,489,854
Bank overdraft	490,221	490,221	490,221	-	-
	28,551,299	44,770,197	15,768,774	5,391,213	23,610,210

01.09.2019	Carrying amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
<u>Non-derivative Financial Liabilities</u>					
Trade payables	7,185,414	7,185,414	7,185,414	-	-
Other payables and accruals	2,788,887	2,788,887	2,788,887	-	-
Lease liabilities	1,316,761	1,863,963	796,972	905,355	161,636
Borrowings	4,171,000	4,407,496	4,407,496	-	-
Term loans	2,642,556	6,819,201	207,786	831,144	5,780,271
Bank overdraft	502,613	502,613	502,613	-	-
	18,607,231	23,567,574	15,889,168	1,736,499	5,941,907

(ii) 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 adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Company includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Company at the end of the reporting period was as follows:

	31.12.2021	31.08.2020	01.09.2019
	RM	RM	RM
Borrowings	1,701,246	5,542,768	4,171,000
Lease liabilities	411,187	771,751	1,316,761
Term loans	19,675,191	13,979,577	2,642,556
Bank overdraft	1,494,549	490,221	502,613
	23,282,173	20,784,317	8,632,930
Less: Cash and bank balances	(1,991,406)	(725,586)	(706,262)
Less: Fixed deposits with a licensed bank	(1,189,175)	(1,146,512)	(1,061,058)
	20,101,592	18,912,219	6,865,610
Total equity	8,500,937	7,565,402	7,038,947
Debt-to-equity ratio	2.36	2.50	0.98

There was no change in the Company's approach to capital management during the financial period.

(iii) Classification of Financial Instruments

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Financial Asset			
Amortised cost			
Trade receivables	4,280,498	8,376,206	4,036,049
Other receivables	4,898,589	907,267	2,921,405
Amount owing by a director	-	-	183,514
Fixed deposits with a licensed bank	1,189,175	1,146,512	1,061,058
Cash and bank balances	1,991,406	725,586	706,262
	12,359,668	11,155,571	8,908,288
Financial Liability			
Amortised cost			
Trade payables	4,068,154	4,757,013	7,185,414
Other payables and accruals	3,310,121	2,298,210	2,788,887
Amount owing to a director	749,620	711,759	-
Borrowings	1,701,246	5,542,768	4,171,000
Lease liabilties	411,187	771,751	1,316,761
Term loans	19,675,191	13,979,577	2,642,556
Bank overdraft	1,494,549	490,221	502,613
	31,410,068	28,551,299	18,607,231

(iv) Gain or Losses Arising from Financial Instruments

	31.12.2021 RM	31.08.2020 RM	01.09.2019 RM
Financial Assets			
Amortised cost			
Net gain recognised in profit or loss	42,663	61,365	15,755
Financial Liabilities			
Amortised cost			
Net losses recognised in profit or loss	2,054,566	660,473	158,084

(v) Fair Value Information

The fair values of the financial assets and financial liabilities of the Company which 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.

The following table sets out the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
31.12.2021					
Financial Liabilities					
Term loans	-	19,675,191	-	19,675,191	19,675,191
31.08.2020					
Financial Liabilities					
Term loans	-	13,979,577	-	13,979,577	13,979,577
01.09.2019					
Financial Liabilities					
Term loans	-	2,642,556	-	2,642,556	2,642,556

Fair Value of Financial Instruments Not Carried at Fair Value

The fair value of borrowings and term loans that carry floating interest rates are approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

32. CAPITAL COMMITMENTS

	2021 RM	2020 RM
Purchase of investment properties	573,000	3,011,000

33. COMPARATIVE FIGURES

The comparative figures have been reclassified to conform with the presentation of the current financial period upon adoption of MFRSs as disclosed in *Note 34* to the financial statements.

The financial year end was changed from 31 August to 31 December. Consequently, the comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are not comparable to that for the current 16-months period ended 31 December 2021.

34. TRANSITION TO THE MFRS FRAMEWORK

As stated in *Note 3(a)* to the financial statements, there are the first financial statements of the Company prepared in accordance with MFRSs. The accounting policies in *Note 4* to the financial statements have been applied to all financial information covered under this set of financial statements.

In preparing the opening MFRS statement of financial position at 01 September 2019 (date of transition), the Company has adjusted amounts reported previously in financial statements prepared in accordance with MPERS. The financial impacts on the transition are as below:

RECONCILIATION OF FINANCIAL POSITION

		<---------- 31.08.2020 ---------->			
	Note	MPERS RM	Transition Effects RM	Reclassification RM	MFRSs RM
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	*a,b*	3,215,165	(282,525)	(1,530,000)	1,402,640
Investment properties	*b*	5,671,310	-	1,530,000	7,201,310
Right-of-use assets	*a*	-	707,937	-	707,937
TOTAL NON-CURRENT ASSETS		8,886,475	425,412	-	9,311,887
CURRENT ASSETS					
Inventories		6,250,123	-	-	6,250,123
Trade receivable		8,376,206	-	-	8,376,206
Other receivables and deposits		10,590,118	-	-	10,590,118
Fixed deposit with a licensed bank		1,146,512	-	-	1,146,512
Cash and bank balances		725,586	-	-	725,586
TOTAL CURRENT ASSETS		27,088,545	-	-	27,088,545
TOTAL ASSETS		35,975,020	425,412	-	36,400,432

	Note	<------ 31.08.2020 ------> MPERS RM	Transition Effects RM	Reclassification RM	MFRSs RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital		1,500,000	-	-	1,500,000
Retained profits	*a*	6,089,584	(24,182)	-	6,065,402
TOTAL EQUITY		7,589,584	(24,182)	-	7,565,402
LIABILITIES					
NON-CURRENT LIABILITES					
Deferred tax liabilities		53,640	-	-	53,640
Finance lease payables	*a*	283,770	(283,770)	-	-
Lease liabilities	*a*	-	283,770	-	283,770
Term loans		13,438,383	-	-	13,438,383
TOTAL NON-CURRENT LIABILITIES		13,775,793	-	-	13,775,793
CURRENT LIABILITIES					
Trade payables		4,757,013	-	-	4,757,013
Factoring	*b*	1,108,268	-	(1,108,268)	-
Other payables and accruals	*b*	2,446,575	-	(118,365)	2,328,210
Amount owing to a director		711,759	-	-	711,759
Finance lease payables	*a*	38,387	(38,387)	-	-
Contract liabilities	*b*	-	-	118,365	118,365
Borrowings	*b*	4,842,221	-	700,547	5,542,768
Lease liabilities	*a*	-	487,981	-	487,981
Term loans	*b*	623,694	-	(82,500)	541,194
Current tax liabilities		81,726	-	-	81,726
Bank overdraft	*b*	-	-	490,221	490,221
TOTAL CURRENT LIABILITIES		14,609,643	449,594	-	15,059,237
TOTAL LIABILITIES		28,385,436	449,594	-	28,835,030
TOTAL EQUITY AND LIABILITIES		35,975,020	425,412	-	36,400,432

	Note	<------- 01.09.2019 -------> MPERS RM	Transition Effects RM	Reclassification RM	MFRSs RM
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	*a,b*	2,931,151	(281,269)	(1,139,000)	1,510,882
Investment property	*b*	-	-	1,139,000	1,139,000
Right-of-use assets	*a*	-	1,327,100	-	1,327,100
TOTAL NON-CURRENT ASSETS		2,931,151	1,045,831	-	3,976,982
CURRENT ASSETS					
Inventories		12,254,361	-	-	12,254,361
Trade receivables		4,036,049	-	-	4,036,049
Other receivables and deposits		3,481,267	-	-	3,481,267
Amount owing by a director		183,514	-	-	183,514
Fixed deposit with a licensed bank		1,061,058	-	-	1,061,058
Cash and bank balances		706,262	-	-	706,262
TOTAL CURRENT ASSETS		21,722,511	-	-	21,722,511
TOTAL ASSETS		24,653,662	1,045,831	-	25,699,493

	Note	<----- 01.09.2019 -----> MPERS RM	Transition Effects RM	Reclassification RM	MFRSs RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital		1,500,000	-	-	1,500,000
Retained profits		5,538,947	-	-	5,538,947
TOTAL EQUITY		7,038,947	-	-	7,038,947
LIABILITIES					
NON-CURRENT LIABILITES					
Deferred tax liabilities		50,226	-	-	50,226
Finance leases payables	*a*	243,997	(243,997)	-	-
Lease liabilities	*a*	-	243,997	-	243,997
Term loans		2,546,963	-	-	2,546,963
TOTAL NON-CURRENT LIABILITIES		2,841,186	-	-	2,841,186
CURRENT LIABILITIES					
Trade payables		7,185,414	-	-	7,185,414
Other payables and accruals		2,788,887	-	-	2,788,887
Finance leases payables	*a*	26,933	(26,933)	-	-
Borrowings	*b*	4,673,613	-	(502,613)	4,171,000
Lease liabilities	*a*	-	1,072,764	-	1,072,764
Term loans		95,593	-	-	95,593
Current tax liabilities		3,089	-	-	3,089
Bank overdraft	*b*	-	-	502,613	502,613
TOTAL CURRENT LIABILITIES		14,773,529	1,045,831	-	15,819,360
TOTAL LIABILITIES		17,614,715	1,045,831	-	18,660,546
TOTAL EQUITY AND LIABILITIES		24,653,662	1,045,831	-	25,699,493

RECONCILIATION OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	<------ 31.08.2020 ------> MPERS RM	Transition Effects RM	Reclassification RM	MFRSs RM
REVENUE		73,351,100	-	-	73,351,100
COST OF SALES		(68,203,930)	-	-	(68,203,930)
GROSS PROFIT		5,147,170	-	-	5,147,170
OTHER INCOME		751,195	-	-	751,195
MARKETING EXPENSES		(35,536)	-	-	(35,536)
ADMINISTRATIVE EXPENSES	a,b	(2,739,736)	770,352	(1,453,866)	(3,423,250)
OTHER OPERATING EXPENSES	a,b	(1,690,569)	(753,897)	1,453,866	(990,600)
FINANCE COSTS	a	(619,836)	(40,637)	-	(660,473)
PROFIT BEFORE TAXATION		812,688	(24,182)	-	788,506
INCOME TAX EXPENSE		(262,051)	-	-	(262,051)
PROFIT AFTER TAXATION		550,637	(24,182)	-	526,455

RECONCILIATION OF CASH FLOWS

	<------ 31.08.2020 ------> MPERS RM	Transition Effects RM	Reclassification RM	MFRSs RM
Net cash for operating activities	(5,396,671)	770,352	(1,418,258)	(6,044,577)
Net cash for investing activities	(6,066,907)	-	98,060	(5,968,847)
Net cash from financing activities	11,495,294	(770,352)	1,320,198	12,045,140

NOTES TO RECONCILIATIONS

(a) Right-of-use Assets

Upon transition to MFRSs, for leases that were classified as operating leases under MPERS, the Company measured the lease liabilities at the present value of the remaining lease payments at the date of transition to MFRSs, discounted using the Company's incremental borrowing rate at that date. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

For leases that were classified as finance leases, the Company recognised the carrying amount of the leased asset and lease liability immediately before the date of transition to MFRSs as the carrying amount of the right-of-use asset and the lease liability at that date.

The financial impacts arising from the change are summarised as follows:

(i) A decrease in property and equipment at 31 August 2020 and 01 September 2019 of RM282,525 and RM281,269 respectively;

(ii) An increase in right-of-use assets at 31 August 2020 and 01 September 2019 of RM707,937 and RM1,327,100 respectively;

(iii) An increase in lease liabilities at 31 August 2020 and 01 September 2019 of RM771,751 and RM1,316,761 respectively;

(iv) A decrease in finance lease payables at 31 August 2020 and 01 September 2019 of RM322,157 and RM270,930 respectively;

(v) The resulting adjustments on items (i) to (iv) above were adjusted against retained profits at 31 August 2020 and 01 September 2019;

(vi) An increase in depreciation charges of right-of-use assets and interest charges of lease liabilities by RM753,897 and RM40,637 respectively and a decrease in rental expenses of RM770,352 for the financial year ended 31 August 2020; and

(vii) The resulting adjustments on item (vi) above was adjusted against retained profits at 31 August 2020.

(b) Reclassification of accounts for 31 August 2020 and 01 September 2019.

35. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 29 June 2022 by the Board of Directors.