

RAY GO SOLAR EPC SDN. BHD.
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 OCTOBER 2024
(In Ringgit Malaysia)

RAY GO SOLAR EPC SDN. BHD.

Registration No.: 201201022151 (1006643-U)

(Incorporated in Malaysia)

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 October 2024.

Principal activities

The Company is principally engaged in the business of provision of engineering, procurement, construction, commissioning, maintenance of solar photovoltaic systems and related products.

Results

	RM
Profit for the financial year	<u>1,114,302</u>

Reserves and provisions

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

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year, except for the following:

On 3 December 2024, the Directors declared an interim dividend of 64.65 sen per ordinary share, amounting to RM2,700,000 in respect of the financial year ended 31 October 2024, based on the number of outstanding shares in issue as at 5 to 7 December 2024. The financial statements for the current financial year do not reflect this dividend and it will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 October 2025.

The Directors do not recommend any final dividend for the financial year ended 31 October 2024.

Directors

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

Dato' Tan Boon Teck
Datin Wang Rui

Directors' interests in shares

Being a wholly-owned subsidiary of another company incorporated in Malaysia, information in respect of director's interest in shares of holding company or related corporations are disclosed in the Directors' Report of the holding company pursuant to Section 59(3) of the Companies Act, 2016 in Malaysia.

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Directors' interests in shares (continued)

By virtue of Dato' Tan Boon Teck's and Datin Wang Rui's interest in the ordinary shares of the holding company, they are also deemed to be interested in the ordinary shares of all the related corporations to the extent the holding company has an interest.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) 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 other than for those disclosed in Note 26 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' remuneration and fee

Directors' fee payable by the Company for the financial year ended 31 October 2024 amounted to RM432,000 as disclosed in Note 5 to the financial statements.

Apart from above, none of the Directors received other remuneration from the Company during the financial year.

Indemnity and insurance for Directors, officers and auditor

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the Directors of the Company was RM1,902.

There was no indemnity given to or insurance effected for any officer or auditor of the Company.

Issue of shares and debentures

There were no changes in the share capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

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

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Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts and that provision need not be made for doubtful debts; and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- (i) which would necessitate the writing off of bad debts or the provision for doubtful debts; or
- (ii) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Company misleading.

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

- (i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Company for the financial year ended 31 October 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event subsequent to financial year

Details of significant event subsequent to financial year is disclosed in Note 29 to the financial statements.

Holding company

The Directors regard Ray Go Solar Holdings Berhad, a company incorporated in Malaysia as the holding company and listed on Leap Market of Bursa Malaysia Securities Berhad.

RAY GO SOLAR EPC SDN. BHD.

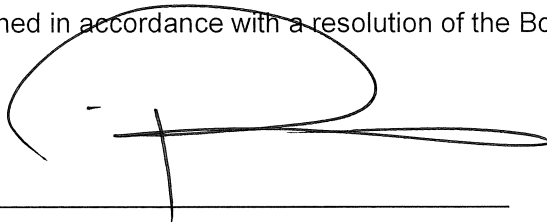
Registration No.: 201201022151 (1006643-U)
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Auditors

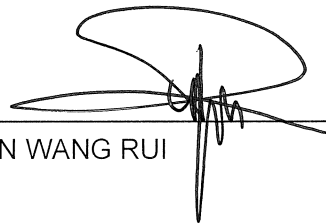
The auditors, Messrs PKF PLT, have indicated their willingness to continue in office.

The auditors' remuneration of the Company for the financial year ended 31 October 2024 amounted to RM25,000.

Signed in accordance with a resolution of the Board,



DATO' TAN BOON TECK



DATIN WANG RUI

Kuala Lumpur

28 February 2025

RAY GO SOLAR EPC SDN. BHD.

Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016 IN MALAYSIA

In the opinion of the Directors, the accompanying financial statements as set out on pages 10 to 48 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of Companies Act, 2016 in Malaysia, so as to give a true and fair view of the financial positions of the Company as at 31 October 2024 and of its financial performances and its cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Board,



DATO' TAN BOON TECK



DATIN WANG RUI

Kuala Lumpur

28 FEB 2025

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016 IN MALAYSIA

I, DATO' TAN BOON TECK, being the Director primarily responsible for the financial management of RAY GO SOLAR EPC SDN. BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 10 to 48 are in my opinion 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 in Malaysia.

Subscribed and solemnly declared by the)
above-named at Kuala Lumpur in Wilayah)
Persekutuan on)

28 FEB 2025



DATO' TAN BOON TECK

Before me,



COMMISSIONER FOR OATHS



No. 12-1, Jalan 9/23A,
Medan Makmur,
Off Jalan Usahawan, Setapak,
53200 Kuala Lumpur.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF RAY GO SOLAR EPC SDN. BHD.**
Registration No.: 201201022151 (1006643-U)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RAY GO SOLAR EPC SDN. BHD., which comprise the statement of financial position as at 31 October 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 10 to 48.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with *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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF RAY GO SOLAR EPC SDN. BHD.**
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(continued)

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

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. 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 the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal controls as the Directors determine is necessary to enable the preparation of the financial statements of the Company that are free from material misstatements, 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 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.

The Directors of the Company are responsible for overseeing the Company's financial reporting process.

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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF RAY GO SOLAR EPC SDN. BHD.**
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(continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF RAY GO SOLAR EPC SDN. BHD.**
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(continued)

Other Matters

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

PKF PLT

PKF PLT
202206000012 (LLP0030836-LCA) & AF0911
CHARTERED ACCOUNTANTS



NGU SIOW PING
03033/11/2025 J
CHARTERED ACCOUNTANT

Kuala Lumpur

25 February 2025

RAY GO SOLAR EPC SDN. BHD.

Registration No.: 201201022151 (1006643-U)

(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

	Note	2024 RM	2023 RM
Revenue	3	30,713,834	20,500,757
Cost of sales		(26,016,623)	(18,166,701)
Gross profit		4,697,211	2,334,056
Other income	4	110,273	156,602
Administrative expenses		(80,112)	(44,057)
Other operating expenses		(2,717,318)	(2,041,557)
Profit from operations		2,010,054	405,044
Finance costs	6	(502,267)	(363,794)
Profit before tax	7	1,507,787	41,250
Tax expense	8	(393,485)	(82,873)
Profit/(Loss), representing total comprehensive income/(loss) for the financial year		1,114,302	(41,623)

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STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2024

	Note	2024 RM	2023 RM
ASSETS			
Non-current assets			
Property, plant and equipment	9	6,536,512	6,726,039
Right-of-use assets	10	690,839	715,280
		<u>7,227,351</u>	<u>7,441,319</u>
Current assets			
Inventories	11	1,909,056	2,758,889
Trade receivables	12	5,950,197	1,919,723
Non-trade receivables	13	448,058	344,842
Contract assets	14	5,164,172	4,701,647
Amount due from related company	15	3,000	-
Tax recoverable		-	359,000
Fixed deposits with licensed banks	16	1,999,691	2,016,800
Cash and bank balances		1,698,330	24,062
		<u>17,172,504</u>	<u>12,124,963</u>
TOTAL ASSETS		<u><u>24,399,855</u></u>	<u><u>19,566,282</u></u>
EQUITY AND LIABILITIES			
Equity attributable to the owner of the Company			
Share capital	17	5,546,106	5,546,106
Retained earnings	18	2,667,787	1,553,485
Total equity		<u>8,213,893</u>	<u>7,099,591</u>
Non-current liabilities			
Borrowings	19	4,486,039	4,820,740
Lease liabilities	20	418,567	464,974
Deferred tax liabilities	21	40,924	49,072
		<u>4,945,530</u>	<u>5,334,786</u>

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STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2024 (CONTINUED)

	Note	2024 RM	2023 RM
Current liabilities			
Trade payables	22	3,752,398	1,820,874
Non-trade payables	23	820,536	354,297
Contract liabilities	14	2,316,190	615,300
Amount due to holding company	24	1,090,107	1,173,850
Amount due to Director	25	21,297	21,527
Borrowings	19	2,941,032	2,986,154
Lease liabilities	20	208,932	159,903
Tax payable		89,940	-
		<hr/> 11,240,432	<hr/> 7,131,905
Total liabilities		<hr/> 16,185,962	<hr/> 12,466,691
TOTAL EQUITY AND LIABILITIES		<hr/> <hr/> 24,399,855	<hr/> <hr/> 19,566,282

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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

	Share capital RM	Retained earnings RM	Total equity RM
At 1 November 2022	5,546,106	1,595,108	7,141,214
Loss, representing total comprehensive loss for the financial year	-	(41,623)	(41,623)
At 31 October 2023	5,546,106	1,553,485	7,099,591
Profit, representing total comprehensive income for the financial year	-	1,114,302	1,114,302
At 31 October 2024	<u>5,546,106</u>	<u>2,667,787</u>	<u>8,213,893</u>

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**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

	Note	2024 RM	2023 RM
Cash flows from operating activities			
Profit before tax		1,507,787	41,250
Adjustments for:			
Depreciation of:			
- property, plant and equipment		203,934	212,722
- right-of-use assets		244,817	167,585
Gain on disposal of property, plant and equipment		-	(28,507)
Interest expense		502,267	363,794
Interest income		(50,975)	(42,610)
Operating profit before working capital changes		2,407,830	714,234
Decrease in inventories		849,833	1,040,215
(Increase)/Decrease in receivables		(4,133,691)	3,213,092
Increase in contract assets		(462,525)	(4,033,768)
Increase in contract liabilities		1,700,890	200,087
Increase in payables		2,397,763	482,117
Cash generated from operations		2,760,100	1,615,977
Interest received		50,975	42,610
Interest paid		(56,735)	(123,062)
Income tax refunded		214,200	-
Income tax paid		(166,893)	(187,164)
Net cash from operating activities		2,801,647	1,348,361
Cash flows from investing activities			
Acquisition of property, plant and equipment		(14,407)	(226,178)
Acquisition of right-of-use assets	(iii)	-	(20,218)
Advances to related company		(3,000)	-
Proceeds from disposal of property, plant and equipment		-	68,000
Net changes in fixed deposits pledged with licensed banks		17,109	(17,109)
Net cash used in investing activities		(298)	(195,505)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024 (CONTINUED)

	Note	2024 RM	2023 RM
Cash flows from financing activities			
Interest paid		(445,532)	(240,732)
Repayment to holding company	(ii)	(83,743)	(736,000)
Repayment to Director	(ii)	(230)	(67,577)
Drawdown of letter of credit	(ii)	2,076,777	-
Repayment of lease liabilities	(ii)	(217,754)	(123,748)
Repayment of term loans	(ii)	(334,701)	(308,140)
Net cash from/(used in) financing activities		994,817	(1,476,197)
Net increase/(decrease) in cash and cash equivalents		3,796,166	(323,341)
Cash and cash equivalents at 1 November 2023/2022		(2,600,424)	(2,277,083)
Cash and cash equivalents at 31 October	(i)	1,195,742	(2,600,424)

Notes:

(i) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following:

	2024 RM	2023 RM
Cash and bank balances	1,698,330	24,062
Bank overdraft (Note 19)	(502,588)	(2,624,486)
	1,195,742	(2,600,424)

(ii) Reconciliation of liabilities arising from financing activities:

	1 November 2023 RM	Cash flows RM	Non-cash acquisition RM	31 October RM
2024				
Amount due to holding company	1,173,850	(83,743)	-	1,090,107
Amount due to Director	21,527	(230)	-	21,297
Letter of credit	-	2,076,777	-	2,076,777
Lease liabilities	624,877	(217,754)	220,376	627,499
Term loans	5,182,408	(334,701)	-	4,847,707

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**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024 (CONTINUED)**

Notes: (continued)

(ii) Reconciliation of liabilities arising from financing activities: (continued)

	1 November 2022 RM	Cash flows RM	Non-cash acquisition RM	31 October RM
2023				
Amount due to holding company	1,909,850	(736,000)	-	1,173,850
Amount due to Director	89,104	(67,577)	-	21,527
Lease liabilities	492,625	(123,748)	256,000	624,877
Term loans	5,490,548	(308,140)	-	5,182,408

(iii) Acquisition of right-of-use assets

During the financial year, the Company made the following cash payments to acquire right-of-use assets:

	2024 RM	2023 RM
Acquisition of right-of-use assets	220,376	276,218
Less financed by Hire purchase arrangement	(220,376)	(256,000)
Cash payments on acquisition of right-of-use assets	-	20,218

NOTES TO FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

1. Basis of preparation

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

The accompanying financial statements have been prepared assuming that the Company will continue as going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

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

(a) Standards issued and effective

On 1 November 2023, the Company has adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2023:

Description

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts*
- Amendment to MFRS 17, *Insurance Contracts*: Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 101, *Presentation of Financial Statements*: Classifications of Liabilities as Current or Non-current
- Amendments to MFRS 101, *Presentation of Financial Statements*: Disclosures of Accounting Policies

The Directors expect that the adoption of the new and amended MFRS above have no impact on the financial statements of the Company, except for those disclosed in Note 2 to the financial statements.

(b) Standards issued but not yet effective

Certain new accounting standards and interpretations have been issued but not yet effective for 31 October 2024 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting period.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise as indicated in the material accounting policies.

NOTES TO FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

1. Basis of preparation (continued)

(d) Significant accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Contract revenue

The Company recognised contract revenue and contract costs as revenue and expenses respectively in the profit or loss by using the stage of completion method. The stage of completion is determined by reference to the proportion of contract cost incurred for work performed to date to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and costs, as well as the recoverability of the construction contracts. In making the judgement, the Company evaluates based on past experience and by relying on the work of specialists.

(ii) Provision for expected credit losses ("ECLs") of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting period and the corresponding historical credit losses experienced within this period.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at every end of the reporting period.

NOTES TO FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

2. Material accounting policies

The Company adopted Amendments to MFRS101, *Presentation of Financial Statements - Disclosure of Accounting Policies* for the first time in 2024. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

The material accounting policies adopted by the Company are consistent with those in the previous financial years unless otherwise stated.

(a) Revenue

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Contract Revenue

The contract revenue represents income from supplying solar system and related products. The revenue is recognised over time based on the input method (i.e. costs incurred to date relative to total estimated costs at completion) to measure progress. Under this method, the extent of progress towards completion is measure based on the ratio of costs the incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimates fees or profits, are recorded proportionally. The customer pays the amount based on the invoice issued. If the services rendered by the Company exceed the services rendered, a contract liability is recognised as described in the financial statements. The normal credit term is within 3 months.

NOTES TO FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

2. Summary of significant accounting policies (continued)

(b) Tax expense

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in the 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 is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it 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 sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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 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 income taxes relate to the same taxation authority.

NOTES TO FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

2. Summary of significant accounting policies (continued)

(b) Tax expense (continued)

(ii) Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(c) Impairment

(i) Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost, expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, which 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company are exposed to credit risk.

The Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance amount.

NOTES TO FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

2. Summary of significant accounting policies (continued)

(c) Impairment (continued)

(i) Financial assets (continued)

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

(ii) Non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company shall estimate the recoverable amount of the asset.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

2. Summary of significant accounting policies (continued)

(c) Impairment (continued)

(ii) Non-financial assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an indefinite useful life and therefore is not depreciated.

Depreciation of other property, plant and equipment is provided for on a straight-line basis, at the following annual rates:

Building	2%
Office equipment	20%
Computer and software	20%
Furniture and fittings	20%
Motor vehicles	20%
Signboard	20%
Renovation	10%

NOTES TO FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

2. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average basis. Cost comprises the cost of purchase and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(f) Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

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

Contract liability is the obligation to transfer goods or services to customer for which the Company has received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include downpayments received from customers and other deferred income where the Company has billed or has collected the payment before the goods are delivered or services are provided to the customers.

NOTES TO FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

2. Summary of significant accounting policies (continued)

(g) Leases

(i) Initial recognition and measurement

As a lessee

The Company recognised right-of-use asset and lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises as follows:

- the initial amount of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Variable lease payments that do not depends on an index or a rate are excluded from lease liability and right-of-use asset and recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The Company had elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases for which the underlying asset is of low value. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated over the shorter period of lease term and useful life of the underlying asset.

Depreciation of right-of-use asset is provided for on a straight-line basis at the following annual rate:

Motor vehicles	20%
----------------	-----

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

2. Summary of significant accounting policies (continued)

(g) Leases (continued)

(ii) Subsequent measurement (continued)

As a lessee (continued)

If a lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses determined in accordance with Note 2(i)(ii) to the financial statements, if any, and adjusted for certain remeasurements of the lease liability.

The carrying amount of lease liability is subsequently increased by interest on the lease liability and reduced by lease payments made. It is remeasured when there is a change in lease term, assessment of an option to purchase the underlying asset, future lease payments arising from the change in an index or rate, the Company's estimate of the amount expected to be payable under a residual value guarantee or in-substance fixed lease payments.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Finance income from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease whereas lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

3. Revenue

	2024 RM	2023 RM
Revenue from contracts with customers		
Contracts revenue	30,389,560	20,500,757
Supply of solar energy	324,274	-
	<u>30,713,834</u>	<u>20,500,757</u>
Timing of revenue recognition		
Over time	<u>30,713,834</u>	<u>20,500,757</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

3. Revenue (continued)

Transaction price allocated to the remaining unsatisfied performance obligations

Remaining unsatisfied performance obligations (RUPO" represent the transaction price for goods and services for which we have a material right, but work has not been performed. Transaction price of the RUPO includes the base transaction price, variable consideration and changes in transaction price. As a practical expedient, the RUPO does not include contracts for which we recognise revenue at the amount to which we have the right to invoice for services performed or the performances obligation is part of a contract that has an original expected duration of one year or less.

As of 31 October 2024, the aggregate amounts of the transaction price allocated to the remaining performance obligation of the Company amounted to RM12,840,783 (2023: RM7,449,468). The Company is expected to recognise the revenue in the next one year.

4. Other income

	2024 RM	2023 RM
Interest income from:		
- Bank balances	13,425	-
- Fixed deposits	37,550	42,610
Gain on disposal of property, plant and equipment	-	28,507
Realised foreign exchange gain	3,627	8,572
Others	55,671	76,913
	<u>110,273</u>	<u>156,602</u>

5. Employee benefits expense

	2024 RM	2023 RM
(i) Staff costs		
- Salaries, wages and bonus	2,359,328	2,006,855
- Defined contribution plan	320,461	267,645
- Social security contribution	34,410	29,942
- Other short-term employee benefits expense	567,993	341,549
	<u>3,282,192</u>	<u>2,645,991</u>
(ii) Directors' remuneration		
- Fees	432,000	432,000
Total employee benefits expense	<u><u>3,714,192</u></u>	<u><u>3,077,991</u></u>

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**6. Finance costs**

	2024	2023
	RM	RM
Interest expense on:		
Bank acceptance interest	7,131	6,308
Letter of credit charges	201,100	3,218
Bank overdraft	56,735	123,062
Lease liabilities	31,931	22,531
Term loans	205,370	208,675
	<u>502,267</u>	<u>363,794</u>

7. Profit before tax

	2024	2023
	RM	RM
Profit before tax is arrived at after charging:		
Auditors' remuneration	25,000	25,000
Depreciation of property, plant and equipment	203,934	212,722
Depreciation of right-of-use assets	244,817	167,585
Realised loss on foreign exchange	3,854	98,906
	<u>477,605</u>	<u>494,213</u>

8. Tax expense

	2024	2023
	RM	RM
Current tax:		
- current year	423,288	33,801
- over provision in prior year	(21,655)	-
	<u>401,633</u>	<u>33,801</u>
Deferred tax:(Note 21)		
- current year	27,835	19,343
- (over)/underprovision of deferred tax in prior year	(35,983)	29,729
	<u>(8,148)</u>	<u>49,072</u>
	<u>393,485</u>	<u>82,873</u>

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**8. Tax expense (continued)*****Reconciliation of tax expense***

	2024 RM	2023 RM
Profit before tax	<u>1,507,787</u>	<u>41,250</u>
Tax calculated using statutory tax rate at 24%	361,869	9,900
Non-deductible expenses	102,615	121,072
Non-taxable income	(13,361)	-
Deferred tax asset not recognised	-	(77,828)
	<u>451,123</u>	<u>53,144</u>
Over provision of tax in prior year	(21,655)	-
(Over)/under provision of deferred tax in prior year	(35,983)	29,729
	<u>393,485</u>	<u>82,873</u>

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**9. Property, plant and equipment**

	Freehold land RM	Building RM	Office equipment RM	Computer and software RM	Furniture and fittings RM	Motor vehicles RM	Signboard RM	Renovation RM	Total RM
2024 Cost									
At 1 November 2023	4,800,022	960,004	260,673	152,656	140,529	152,579	10,000	735,547	7,212,010
Additions	-	-	5,362	9,045	-	-	-	-	14,407
At 31 October	<u>4,800,022</u>	<u>960,004</u>	<u>266,035</u>	<u>161,701</u>	<u>140,529</u>	<u>152,579</u>	<u>10,000</u>	<u>735,547</u>	<u>7,226,417</u>
Accumulated depreciation									
At 1 November 2023	-	67,200	129,692	83,277	41,350	60,159	2,833	101,460	485,971
Charge for the financial year	-	19,200	37,130	23,858	27,653	20,538	2,000	73,555	203,934
At 31 October	<u>-</u>	<u>86,400</u>	<u>166,822</u>	<u>107,135</u>	<u>69,003</u>	<u>80,697</u>	<u>4,833</u>	<u>175,015</u>	<u>689,905</u>
Carrying amount									
At 31 October	<u>4,800,022</u>	<u>873,604</u>	<u>99,213</u>	<u>54,566</u>	<u>71,526</u>	<u>71,882</u>	<u>5,167</u>	<u>560,532</u>	<u>6,536,512</u>

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**9. Property, plant and equipment (continued)**

	Freehold land RM	Building RM	Office equipment RM	Computer and software RM	Furniture and fittings RM	Motor vehicles RM	Signboard RM	Renovation RM	Total RM
2023									
Cost									
At 1 November									
2022	4,800,022	960,004	234,024	144,016	132,529	181,490	10,000	655,347	7,117,432
Additions	-	-	26,649	8,640	8,000	102,689	-	80,200	226,178
Disposal	-	-	-	-	-	(131,600)	-	-	(131,600)
At 31 October	<u>4,800,022</u>	<u>960,004</u>	<u>260,673</u>	<u>152,656</u>	<u>140,529</u>	<u>152,579</u>	<u>10,000</u>	<u>735,547</u>	<u>7,212,010</u>
Accumulated depreciation									
At 1 November									
2022	-	48,000	84,902	56,517	14,286	132,913	833	27,905	365,356
Charge for the financial year	-	19,200	44,790	26,760	27,064	19,353	2,000	73,555	212,722
Disposal	-	-	-	-	-	(92,107)	-	-	(92,107)
At 31 October	<u>-</u>	<u>67,200</u>	<u>129,692</u>	<u>83,277</u>	<u>41,350</u>	<u>60,159</u>	<u>2,833</u>	<u>101,460</u>	<u>485,971</u>
Carrying amount									
At 31 October	<u>4,800,022</u>	<u>892,804</u>	<u>130,981</u>	<u>69,379</u>	<u>99,179</u>	<u>92,420</u>	<u>7,167</u>	<u>634,087</u>	<u>6,726,039</u>

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**9. Property, plant and equipment (continued)**

Freehold land and building of the Company have been charged as collateral to secure the banking facilities as disclosed in Note 19 to the financial statements.

10. Right-of-use assets

	2024 RM	2023 RM
Carrying amount		
At 1 November 2023/2022	715,280	606,647
Additions	220,376	276,218
Charge for the financial year	(244,817)	(167,585)
At 31 October	<u>690,839</u>	<u>715,280</u>

The Company leases motor vehicles with contract term of 5 years (2023: 5 years).

11. Inventories

	2024 RM	2023 RM
At cost:		
Finished goods	<u>1,909,056</u>	<u>2,758,889</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	<u>19,303,546</u>	<u>13,595,247</u>

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**12. Trade receivables**

The Company's normal credit terms range from 30 to 90 days (2023: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables is an amount outstanding of RM286,870 for more than 2 years, due to the dispute of the subcontractor's work carried out.

The management has also suspended payment of RM64,000 to the subcontractor for failed to or refused and/or was negligent to remedy defects due to unsatisfactory workmanship. The subcontractor has claimed against the Company for the outstanding sum of RM64,000 with interest at the rate of 1.5% per month.

The Company has counterclaim against the sub-contractor to recover this amount together with the cost of making good of the roofing.

A Consent Judgement was granted on 25 July 2024 requiring the subcontractor to make certain installation works based on its purchase order and the subcontractor is of the view that they have carried out installation works based on the Consent Judgement, this however differs from the management's view.

The management is in the progress of negotiation with the subcontractor on the above matter and the Directors are of the opinion that the amount shall be recovered upon the disputed work being certified safe by the independent third party.

13. Non-trade receivables

	2024 RM	2023 RM
Non-trade receivables	310,707	48,257
Deposits	95,261	87,261
Prepayments	42,090	209,324
	<u>448,058</u>	<u>344,842</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

14. Contract assets/(liabilities)

	2024 RM	2023 RM
Cost incurred to date	62,423,893	42,290,542
Add: Attributable profits	23,051,986	15,054,258
	<u>85,475,879</u>	<u>57,344,800</u>
Less: Progress billings	(82,627,897)	(53,258,453)
	<u><u>2,847,982</u></u>	<u><u>4,086,347</u></u>
Represented by:		
Contract assets	5,164,172	4,701,647
Contract liabilities	(2,316,190)	(615,300)
	<u><u>2,847,982</u></u>	<u><u>4,086,347</u></u>

15. Amount due from related company

The amount due from related company represents advances which are unsecured, interest-free and are receivable on demand by cash.

Significant related party transactions are disclosed in Note 26 to the financial statements.

16. Fixed deposits with licensed banks

The Company's effective interest rates for deposits with licensed banks are at 2.00% to 2.80% (2023: 1.55% to 2.30%) per annum and had a maturity of 365 days (2023: 365 days).

Fixed deposit amounting to RM950,000 has been pledged to the bank for banking facilities as disclosed in Note 19 of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**17. Share capital**

	2024	2023	2024	2023
	Number of ordinary shares		RM	RM
Issued and fully paid:				
At 1 November				
2023/2022 /				
31 October	<u>4,176,358</u>	<u>4,176,358</u>	<u>5,546,106</u>	<u>5,546,106</u>

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one (1) vote per share without restriction and rank equally with regards to the Company's residual interests.

18. Retained earnings

Under the single tier system introduced by the Finance Act, 2007 in Malaysia which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained earnings can be distributed to shareholders as tax exempt dividends.

19. Borrowings

	Note	2024	2023
		RM	RM
Current			
Term loans	(a)	361,668	361,668
Letter of credit		2,076,777	-
Bank overdraft	(b)	502,587	2,624,486
		<u>2,941,032</u>	<u>2,986,154</u>
Non-current			
Term loans	(a)	4,486,039	4,820,740
		<u>7,427,071</u>	<u>7,806,894</u>

(a) Term loan (secured)

The maturity structure of the term loans can be analysed as follows:

	2024	2023
	RM	RM
Within one year	361,668	361,668
More than one year and less than five years	747,584	940,406
More than 5 years	3,738,455	3,880,334
	<u>4,847,707</u>	<u>5,182,408</u>

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**19. Borrowings (continued)****(a) Term loan (secured)*****Term loan 1***

	2024 RM	2023 RM
Within one year	212,094	204,942
More than one year and less than five years	61,940	270,151
	<u>274,034</u>	<u>475,093</u>

The term loan of the Company bears interest at 3.50% (2023: 3.50%) per annum and are secured by the following:

- (i) Guarantee by Directors of the Company; and
- (ii) Credit Guarantee Corporation Malaysia Bhd's ("CGC") guarantee under BizJamin Special Relief Facility.

Term loan 2

	2024 RM	2023 RM
Within one year	160,324	156,726
More than one year and less than five years	685,644	670,255
More than 5 years	3,727,705	3,880,334
	<u>4,573,673</u>	<u>4,707,315</u>

The term loan of the Company bears interest ranging from 1.66% to 2.89% (2023: 1.66% to 2.89%) per annum and are secured by the following:

- (i) first legal charge on the freehold land building of the Company as disclosed in Note 9 to the financial statements;
- (ii) Assignment of issuance coverage under the name of a Director for the sum insured of not less than RM500,000; and
- (iii) Guarantee by a Director of the Company.

(b) Bank overdraft (secured)

Bank overdraft facilities bear interest at 7.31% (2023: 7.31%) per annum and are secured by way:

- (i) 1st party fixed deposits of RM950,000. Interest on the fixed deposit is to be capitalised and pledged as additional security throughout the tenor of banking facility (Note 16); and
- (ii) Guarantee by the a Director of the Company.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**20. Lease liabilities**

	2024 RM	2023 RM
Representing:		
Current liabilities	208,932	159,903
Non-current liabilities	418,567	464,974
	<u>627,499</u>	<u>624,877</u>
Recognised in profit or loss:		
Interest expense on lease liabilities	31,931	22,531
Expense relating to short-term leases	<u>-</u>	<u>10,119</u>

The lease liabilities bear interest at the rate ranging from 2.11% to 2.37% (2023: 2.11% to 3.15%) per annum.

The total cash outflow for leases for the financial year ended 31 October 2024 is RM249,685 (2023: RM146,279).

21. Deferred tax liabilities

	2024 RM	2023 RM
At 1 November 2023/2022	49,072	-
Transferred to profit or loss (Note 8)	(8,148)	49,072
At 31 October	<u>40,924</u>	<u>49,072</u>

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

	Property, plant and equipment RM
Deferred tax liabilities:	
At 1 November 2023	49,072
Recognised in profit or loss	(8,148)
At 31 October 2024	<u>40,924</u>
At 1 November 2022	-
Recognised in profit or loss	49,072
At 31 October 2023	<u>49,072</u>

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**22. Trade payables**

The credit terms granted to the Company are ranging from 30 to 60 days (2023: 30 to 60 days).

23. Non-trade payables

	2024	2023
	RM	RM
Non-trade payables	22,228	26,502
Accruals	311,058	304,795
Deposits received	11,000	11,000
Advance payment received	476,250	12,000
	<u>820,536</u>	<u>354,297</u>

24. Amount due to holding company

The amount due to holding company represents advances which are unsecured, interest-free and are repayable on demand.

Significant related party transactions are disclosed in Note 26 to the financial statements.

25. Amount due to Director

The amount due to Director represents non-trade transactions which are unsecured, interest-free and are repayable on demand.

Significant related party transactions are disclosed in Note 26 to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**26. Significant related party transactions****(a) Identities of related parties**

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

Related parties of the Company include:

- (i) subsidiaries of its holding company, Ray Go Solar Holdings Berhad; and
- (ii) entities in which certain Directors, who are also the substantial shareholders of the holding company, have substantial shareholding interests.

(b) Significant related parties' transactions

Significant transactions between the Company and Directors during the financial year were as follows:

	2024	2023
	RM	RM
With holding company		
Ray Go Solar Holdings Berhad		
- Advances from	-	1,173,850
- Repayment	83,743	-
With Directors		
Dato' Tan Boon Teck		
- Director fee	240,000	240,000
Datin Wang Rui		
- Director fee	192,000	192,000

The Directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions mutually agreed between the relevant parties.

The significant balances with related parties are disclosed in Notes 15, 24 and 25 to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**27. Financial instruments****Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as financial assets and liabilities measured at amortised cost ("AC"):

	Carrying amount RM	AC RM
2024		
Financial assets		
Trade receivables	5,950,197	5,950,197
Non-trade receivables (excluding prepayments)	405,968	405,968
Amount due from related company	3,000	3,000
Fixed deposits with licensed banks	1,999,691	1,999,691
Cash and bank balances	1,698,330	1,698,330
	<u>10,057,186</u>	<u>10,057,186</u>
Financial liabilities		
Trade payables	3,752,398	3,752,397
Non-trade payables (excluding deposits and advance payment received)	333,286	333,286
Amount due to holding company	1,090,107	1,090,107
Amount due to Director	21,297	21,297
Borrowings	7,427,071	7,427,071
	<u>12,624,159</u>	<u>12,624,158</u>
2023		
Financial assets		
Trade receivables	1,919,723	1,919,723
Non-trade receivables (excluding prepayments)	135,518	135,518
Fixed deposits with licensed banks	2,016,800	2,016,800
Cash and bank balances	24,062	24,062
	<u>4,096,103</u>	<u>4,096,103</u>
Financial liabilities		
Trade payables	1,820,874	1,820,874
Non-trade payables (excluding deposits and advance payment received)	331,297	331,297
Amount due to holding company	1,173,850	1,173,850
Amount due to Director	21,527	21,527
Borrowings	7,806,894	7,806,894
	<u>11,154,442</u>	<u>11,154,442</u>

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**27. Financial instruments (continued)****Net (gain)/losses arising from financial instruments**

	2024 RM	2023 RM
<i>Financial asset measured at amortised cost</i>		
Realised foreign exchange gain	(3,627)	(8,572)
Realised foreign exchange loss	3,854	98,906
Interest income		
- Bank balances	(13,425)	-
- Fixed deposits	(37,550)	(42,160)
	<u>(50,748)</u>	<u>48,174</u>
<i>Financial liabilities measured at amortised cost</i>		
Interest expense	<u>502,267</u>	<u>363,794</u>

Financial risks management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, cash flow risk and liquidity risk.

The Company's financial risks management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its credit risk, interest rate risk, cash flow risk and liquidity risk.

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

Credit risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade 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 fixed deposits and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade receivables as appropriate. The main components of this allowance is a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**27. Financial instruments (continued)****Financial risks management objectives and policies (continued)****Credit risk (continued)**Exposure to credit risk

As the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Recognition and measurement of impairment loss

The Company uses a provision matrix to measure ECLs of trade receivables.

Loss rates are based on actual credit loss experience over the past three (3) years. The Company also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Company believes that these factors are immaterial for the purpose of impairment calculation for the financial year.

Ageing analysis

The ageing analysis of the Company's trade receivables as at reporting date is as follows:

	Gross amount RM	Loss allowances RM	Carrying amount RM
2024			
Not past due	3,975,162	-	3,975,162
Past due:			
- more than 1 month	7,862	-	7,862
- more than 2 months	491,618	-	491,618
- more than 3 months	1,475,555	-	1,475,555
	<u>5,950,197</u>	<u>-</u>	<u>5,950,197</u>
2023			
Not past due	382,517	-	382,517
Past due:			
- more than 1 month	711,738	-	711,738
- more than 3 months	825,468	-	825,468
	<u>1,919,723</u>	<u>-</u>	<u>1,919,723</u>

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**27. Financial instruments (continued)****Financial risks management objectives and policies (continued)****Credit risk (continued)*****Fixed deposits and bank balances***

The fixed deposits and bank balances are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

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 rate. The Company's exposure to interest rate risk arises mainly from interest-bearing financial liabilities. The Company's policies are to obtain the most favourable interest rates available. Any surplus funds of the Company will be placed with licensed financial institutions to generate interest income.

The following table indicates its effective interest rates at the reporting date and the periods in which they mature or are repriced.

	Effective interest rate per annum %	Total RM
2024		
Financial liabilities		
Borrowings:		
- Bank overdraft and letter of credit	7.31	(2,579,364)
- Term loans	1.66 - 3.5	(4,847,707)
		<u>(7,427,071)</u>
2023		
Financial liabilities		
Borrowings:		
- Bank overdraft	7.31	(2,624,486)
- Term loans	1.66 - 3.50	(5,182,408)
		<u>(7,806,894)</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

27. Financial instruments (continued)

Financial risks management objectives and policies (continued)

Interest rate risk (continued)

Interest rate risk sensitivity analysis

The following table details the sensitivity to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant, on the Company's equity and profits:

	2024 (Decrease)/ Increase RM	2023 (Decrease)/ Increase RM
Effects on profit after taxation		
Increase of 10 basis point	(56,446)	(59,332)
Decrease of 10 basis point	56,446	59,332

Cash flow risk

The Company reviews its cash flow position regularly to manage its exposures to fluctuations in future cash flows associated with its monetary financial instruments.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**27. Financial instruments (continued)****Financial risks management objectives and policies (continued)****Liquidity risk**

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity analysis

The table below show summaries the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within one year RM	Between one and five years RM	More than five years RM
2024					
Trade payables	3,752,398	3,752,398	3,752,398	-	-
Non-trade payables (excluding deposits and advance payment received)	333,286	333,286	333,286	-	-
Amount due to holding company	1,090,107	1,090,107	1,090,107	-	-
Amount due to Director	21,297	21,297	21,297	-	-
Borrowings:					
- Bank overdraft	502,587	502,587	502,587	-	-
- Term loans	4,847,707	6,592,237	498,342	1,472,960	4,620,935
- Letter of credit	2,076,777	2,076,777	2,076,777	-	-
Lease liabilities	627,499	676,678	228,816	447,862	-
	<u>13,251,658</u>	<u>15,045,367</u>	<u>8,503,610</u>	<u>1,920,822</u>	<u>4,620,935</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

27. Financial instruments (continued)

Financial risks management objectives and policies (continued)

Liquidity risk (continued)

Maturity analysis (continued)

The table below show summaries the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (continued)

	Carrying amount RM	Contractual cash flows RM	Within one year RM	Between one and five years RM	More than five years RM
2023					
Trade payables	1,820,874	1,820,874	1,820,874	-	-
Non-trade payables (excluding deposits and advance payment received)	343,297	343,297	343,297	-	-
Amount due to holding company	1,173,850	1,173,850	1,173,850	-	-
Amount due to Director	21,527	21,527	21,527	-	-
Borrowings:					
- Bank overdraft	2,624,486	2,624,486	2,624,486	-	-
- Term loans	5,182,408	7,043,606	498,342	1,691,264	4,854,000
Lease liabilities	624,877	678,156	182,639	495,517	-
	<u>11,791,319</u>	<u>13,705,796</u>	<u>6,665,015</u>	<u>2,186,781</u>	<u>4,854,000</u>

Fair values

The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short term maturity of the financial instruments.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024**28. Capital management**

The Company manages its capital to ensure that the Company will maintain an optimal capital structure so as to support its businesses and maximise shareholder(s) 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 monitors its capital using the debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

The debt-to-equity ratio of the Company as at the end of the reporting period was as follows:

	2024	2023
	RM	RM
Borrowings and lease liabilities	8,054,570	8,431,771
Less: Cash and bank balances	(1,698,330)	(24,062)
Net debt	6,356,240	8,407,709
Total equity	8,213,893	7,099,591
Gearing ratio (times)	0.77	1.18

The Company's capital are represented by its total equity in the statement of financial position. The Directors monitor the adequacy of capital on an on-going basis.

There is no external capital requirement imposed on the Company.

29. Significant event subsequent to financial year

On 3 December 2024, the Directors declared an interim dividend of 64.65 sen per ordinary share, amounting to RM2,700,000 in respect of the financial year ended 31 October 2024, based on the number of outstanding shares in issue as at 5 to 7 December 2024. The financial statements for the current financial year do not reflect this dividend and it will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 October 2025.

30. Holding company

The Directors regard Ray Go Solar Holdings Berhad, a company incorporated in Malaysia as the holding company and listed on Leap Market of Bursa Malaysia Securities Berhad.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2024

31. General information

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

The principal activities of the Company is the provision of engineering, procurement, construction, commissioning, maintenance of solar photovoltaic systems and related products.

The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor.

The principal place of business of the Company is located at No. 44, Jalan Serendah 26/39, Hicom Industrial Estate, 40400 Shah Alam, Selangor.

The Directors regard Ray Go Solar Holdings Berhad, a company incorporated in Malaysia as the holding company and listed on Leap Market of Bursa Malaysia Securities Berhad.

The financial statements were approved and authorised for issue by the Board of Directors on 28 February 2025.