

Registration No: 202101023259 (1423559 - T)

SUMISAUJANA GROUP BERHAD
(Incorporated in Malaysia)

FINANCIAL REPORT
for the financial year ended 31 December 2024

SUMISAUJANA GROUP BERHAD

(Incorporated in Malaysia)

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SUMISAUJANA GROUP BERHAD
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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in its subsidiary company is set out in the "Subsidiary" section of this report.

CONVERSION TO BERHAD STATUS

The Company was incorporated in Malaysia as a private limited liability company. On 8 May 2024, the Company was converted to a public limited liability company. Consequently, the Company assumed the name of Sumisaujana Group Berhad.

RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year	<u>17,137,043</u>	<u>(1,740,977)</u>
Attributable to:- Owners of the company	<u>17,137,043</u>	<u>(1,740,977)</u>

DIVIDENDS

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

RESERVES AND PROVISIONS

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

SUMISAUJANA GROUP BERHAD

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DIRECTORS' REPORT

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from 100 ordinary shares to 1,600 ordinary shares by subdivision of every 1 existing ordinary share into 16 ordinary shares.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

SUMISAUJANA GROUP BERHAD
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DIRECTORS' REPORT

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

No contingent or other liability of the Group and 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 Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

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DIRECTORS' REPORT

DIRECTORS

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

Norazlam Bin Norbi #
Toh Chee Seng #
Ramli Bin Mohamad #
Dato' Chan Choy Lin (Appointed on 1 April 2024)
Liang Kok Siang (Appointed on 1 April 2024)
Norhafiza Binti Mohd (Appointed on 1 April 2024)
Lily Rozita Binti Mohamad Khairi (Appointed on 2 May 2024)

The name of directors of the Company's subsidiary who served during the financial year and up to the date of this report, not including those directors mentioned above, is as follows:-

Arlin Binti Nasaruddin

Note:-

- These are also directors of the Company's subsidiary who served during the financial year and up to the date of report.

DIRECTORS' INTERESTS

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

	At 1.1.2024	Number of Ordinary Shares		At 31.12.2024
		Bought	Sold	
<u>Ordinary Shares in Holding Company</u>				
<u>Atreon Holdings Sdn. Bhd. ("Atron")</u>				
<i>Direct Interests</i>				
Norazlam Bin Norbi	4,495,000	5,000	-	4,500,000
Toh Chee Seng	1,465,155	3,034,845	-	4,500,000
Ramli Bin Mohamad	500,000	500,000	-	1,000,000
<u>The Company</u>				
<i>Direct Interests</i>				
Norazlam Bin Norbi	89	1,335	-	1,424
Ramli Bin Mohamad	10	150	-	160
Toh Chee Seng	1	15	-	16

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

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DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" section of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

DIRECTORS' REMUNERATION

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

	The Group RM	The Company RM
Fees	268,840	268,840
Salaries, bonuses and other benefits	4,636,298	22,500
Defined contribution benefits	534,129	-
	<u>5,439,267</u>	<u>291,340</u>

The estimated monetary value of benefit-in-kind provided by the Group and the Company to the directors of the Company were RM119,336 and nil, respectively.

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUMISAUJANA GROUP BERHAD

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DIRECTORS' REPORT

SUBSIDIARY

The subsidiary is incorporated and having principal place of business in Malaysia.

The details of the subsidiary are as follows:-

Name of Subsidiary	Percentage of Issued Share Capital Held	Principal Activities
	By Parent %	
Sumisaujana TCM Chemicals Sdn. Bhd. ("SSTCM")	100	Manufacturing of oil and gas specialty chemicals, trading of oil and gas specialty and industrial chemicals and provision of related support services.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 28 February 2024, the Company carried out subdivision of every 1 existing ordinary share into 16 ordinary shares. Following the subdivision, the issued share capital of the Company is RM100 comprising 1,600 ordinary shares.
- (b) On 29 February 2024, the Company entered into a conditional Share Sale Agreement ("SSA") with the vendors of SSTCM to acquire the entire issued share capital of SSTCM comprising 5,900,000 ordinary shares for a purchase consideration of RM70,850,000.

The purchase consideration of RM70,850,000 was based on the net assets of the SSTCM as at 31 December 2023, which amounted to RM70,849,305. The purchase consideration will be fully satisfied by the issuance of 1,133,600,000 new ordinary shares at an issue price of RM0.0625 per share in the Company to the vendors of SSTCM in equal proportion to their existing shareholdings in SSTCM.

On 5 December 2024, the SSA became unconditional upon the fulfilment of the conditions precedent of the SSA. In consequent thereof, SSTCM became a wholly-owned subsidiary of the Company and consolidated under the reorganisation scheme.

The acquisition was completed on 7 February 2025.

- (c) On 21 June 2024, SSTCM has obtained the consent from SME Bank to release and discharge the corporate guarantee provided to Atreon for the Commodity Murabahah Term Financing-i (CMTF-i) facility of up to RM27,761,000.

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DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (d) On 12 July 2024, SSTCM entered into two Sale and Purchase agreements with Atreon Holdings Sdn. Bhd. for the following purchases:-
 - (i) The acquisition of New Puncak Alam Corporate Office and Warehouse for a total purchase consideration of RM23,900,000 to be satisfied entirely in cash; and
 - (ii) The acquisition of New Puncak Alam Factory and Warehouse for a total purchase consideration of RM16,300,000 to be satisfied entirely in cash.
- (e) On 5 December 2024, the Company obtained conditional approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the entire enlarged issue share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 7 February 2025, the Company increased its issued and paid-up share capital from RM100 to RM70,850,100 by issuance of 1,133,600,000 new ordinary shares for a total consideration of RM70,850,000 as full payment for the acquisition of a subsidiary, SSTCM.

HOLDING COMPANY

The holding company is Atreon, a company incorporated in Malaysia.

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DIRECTORS' REPORT

AUDITORS

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

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM	The Company RM
Auditors' remuneration:		
- statutory audit fee	82,000	4,000
- non-statutory audit fee	71,600	3,200
	<hr/> 153,600	<hr/> 7,200

Signed in accordance with a resolution of the directors dated **06 MAR 2025**



NORAZLAM BIN NORBI



TOH CHEE SENG

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SUMISAUJANA GROUP BERHAD
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**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Norazlam Bin Norbi and Toh Chee Seng, being two of the directors of Sumisaujana Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 14 to 103 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as of 31 December 2024 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated **06 MAR 2025**



Norazlam Bin Norbi



Toh Chee Seng

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

I, Fock Shaw Chih, being the officer primarily responsible for the financial management of Sumisaujana Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 14 to 103 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Fock Shaw Chih, NRIC Number: 730916-06-5432
at Kuala Lumpur
in the Federal Territory
on this

06 MAR 2025

Before me



Fock Shaw Chih

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUMISAUJANA GROUP BERHAD

(Incorporated in Malaysia)

Registration No: 202101023259 (1423559 - T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sumisaujana Group Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2024, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 14 to 103.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their 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 Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUMISAUJANA GROUP BERHAD (CONT'D)

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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 Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and 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 Group and 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 Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUMISAUJANA GROUP BERHAD (CONT'D)

(Incorporated in Malaysia)

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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 MEMBERS OF
SUMISAUJANA GROUP BERHAD (CONT'D)**

(Incorporated in Malaysia)

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OTHER MATTERS

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


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

Kuala Lumpur

06 MAR 2025


Chin Kit Seong
03030/01/2027 J
Chartered Accountant

SUMISAUJANA GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2024

		The Group		The Company	
	Note	2024 RM	2023 # RM	2024 RM	2023 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary	7	-	-	70,850,000	-
Plant and equipment	8	32,146,052	17,480,505	-	-
Right-of-use assets	9	2,084,282	3,910,741	-	-
Intangible assets		22,926	22,926	-	-
Other investment	10	45,447	-	-	-
		<u>34,298,707</u>	<u>21,414,172</u>	<u>70,850,000</u>	<u>-</u>
CURRENT ASSETS					
Inventories	11	25,458,214	36,942,196	-	-
Trade receivables	12	32,226,002	65,659,305	-	-
Other receivables, deposits and prepayments	13	4,002,865	13,578,734	694,231	-
Contract assets	14	2,808,454	-	-	-
Current tax asset		3,105,779	-	-	-
Derivative assets	15	264,372	-	-	-
Fixed deposits with licensed banks	16	7,731,050	14,770,000	-	-
Cash and bank balances		23,567,751	10,284,273	187,388	348
		<u>99,164,487</u>	<u>141,234,508</u>	<u>881,619</u>	<u>348</u>
TOTAL ASSETS		<u>133,463,194</u>	<u>162,648,680</u>	<u>71,731,619</u>	<u>348</u>

SUMISAUJANA GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2024 (CONT'D)

		The Group		The Company	
	Note	2024 RM	2023 # RM	2024 RM	2023 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17(a)	100	100	100	100
Invested equity	17(b)	-	5,900,000	-	-
Reorganisation deficit	18	(64,950,000)	-	-	-
Retained profits/ (Accumulated losses)		82,053,397	64,916,354	(1,773,928)	(32,951)
TOTAL EQUITY		17,103,497	70,816,454	(1,773,828)	(32,851)
NON-CURRENT LIABILITIES					
Lease liabilities	19	590,534	1,687,242	-	-
Long-term borrowings	20	9,649,533	634,628	-	-
Government grant	21	2,561,008	1,655,966	-	-
Deferred tax liabilities	22	2,708,656	1,797,113	-	-
		15,509,731	5,774,949	-	-
CURRENT LIABILITIES					
Trade payables	23	11,040,881	38,085,000	-	-
Contract liabilities	14	1,416	284,099	-	-
Other payables and accruals	24	7,863,416	12,258,255	3,642,052	3,600
Amount owing to holding company	25	67,307,500	-	67,307,500	-
Amount owing to a subsidiary	26	-	-	2,555,595	-
Amount owing to a related party	27	-	29,599	-	29,599
Amount owing to directors	28	300	22,101	300	-
Lease liabilities	19	1,637,259	2,506,686	-	-
Short-term borrowings	20	12,701,247	20,560,768	-	-
Government grant	21	205,203	105,523	-	-
Dividend payable	29	-	8,000,000	-	-
Current tax liabilities		-	4,205,246	-	-
Derivative liabilities	15	92,744	-	-	-
		100,849,966	86,057,277	73,505,447	33,199
TOTAL LIABILITIES		116,359,697	91,832,226	73,505,447	33,199
TOTAL EQUITY AND LIABILITIES		133,463,194	162,648,680	71,731,619	348

Note:-

As disclosed in Note 6.3 to the financial statements, the comparative figures in the Group's financial statements are presented as if the internal reorganisation had occurred before the start of the earliest period presented.

SUMISAUJANA GROUP BERHAD

(Incorporated in Malaysia)

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

		The Group		The Company	
	Note	2024 RM	2023 # RM	2024 RM	2023 RM
REVENUE	30	158,610,116	198,783,104	-	-
COST OF SALES		(105,413,735)	(130,935,705)	-	-
GROSS PROFIT		53,196,381	67,847,399	-	-
OTHER INCOME		3,217,763	7,949,297	-	-
		56,414,144	75,796,696	-	-
SELLING AND DISTRIBUTION EXPENSES		(9,040,590)	(8,153,945)	-	-
ADMINISTRATIVE EXPENSES		(20,298,210)	(19,908,322)	(1,693,612)	(17,117)
OTHER EXPENSES		(5,198,069)	(4,871,024)	-	-
FINANCE COSTS		(1,298,188)	(1,485,779)	(47,365)	-
IMPAIRMENT LOSS ON FINANCIAL ASSETS	31	(29,829)	-	-	-
PROFIT/(LOSS) BEFORE TAXATION	32	20,549,258	41,377,626	(1,740,977)	(17,117)
INCOME TAX EXPENSE	33	(3,412,215)	(10,761,546)	-	-
PROFIT/(LOSS) AFTER TAXATION		17,137,043	30,616,080	(1,740,977)	(17,117)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		17,137,043	30,616,080	(1,740,977)	(17,117)

SUMISAUJANA GROUP BERHAD

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**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)**

	Note	The Group 2024 RM	2023 [#] RM	The Company 2024 RM	2023 RM
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		17,137,043	30,616,080	(1,740,977)	(17,117)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		17,137,043	30,616,080	(1,740,977)	(17,117)
EARNINGS PER SHARE (RM)	34				
Based on issuance of shares at 31 December:					
- Basic		3.13	5.19		
- Diluted		3.13	5.19		

Note:-

- [#] - As disclosed in Note 6.3 to the financial statements, the comparative figures in the Group's financial statements are presented as if the internal reorganisation had occurred before the start of the earliest period presented.

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STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Group	Note	Share Capital RM	Invested Equity RM	Non-distributable Reorganisation Deficit RM	Distributable Retained Profits RM	Total Equity RM
Balance at 1.1.2023		100	5,900,000	-	56,300,274	62,200,374
Profit after taxation/Total comprehensive income for the financial year		-	-	-	30,616,080	30,616,080
Distribution to owners of the Company: - Dividends	35	-	-	-	(22,000,000)	(22,000,000)
Balance at 31.12.2023/1.1.2024		100	5,900,000	-	64,916,354	70,816,454
Profit after taxation/Total comprehensive income for the financial year		-	-	-	17,137,043	17,137,043
Effect of internal reorganisation	17, 18	-	(5,900,000)	(64,950,000)	-	(70,850,000)
Balance at 31.12.2024		100	-	(64,950,000)	82,053,397	17,103,497

The annexed notes form an integral part of these financial statements.

SUMISAUJANA GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)**

	Share Capital RM	Accumulated Losses RM	Total Equity RM
The Company			
Balance at 1.1.2023	100	(15,834)	(15,734)
Loss after taxation/Total comprehensive expenses for the financial year	-	(17,117)	(17,117)
Balance at 31.12.2023/1.1.2024	100	(32,951)	(32,851)
Loss after taxation/Total comprehensive expenses for the financial year	-	(1,740,977)	(1,740,977)
Balance at 31.12.2024	100	(1,773,928)	(1,773,828)

SUMISAUJANA GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation		20,549,258	41,377,626	(1,740,977)	(17,117)
Adjustments for:-					
Depreciation:					
- plant and equipment		2,730,432	2,226,768	-	-
- right-of-use assets		2,690,695	2,507,329	-	-
(Reversal)/Allowance for impairment losses:					
- inventories		(544,199)	318,096	-	-
- trade receivables		29,829	-	-	-
Interest expenses:					
- lease liabilities		213,309	226,048	-	-
- others		1,084,879	1,259,731	47,365	-
Written off:					
- inventories		-	196,776	-	-
- plant and equipment		11,692	219,374	-	-
Amortisation of government grant		(247,457)	(105,523)	-	-
Interest income		(944,315)	(381,324)	-	-
Gain on modification of leases		-	(700)	-	-
(Gain)/Loss on disposal of plant and equipment		(31,862)	33,141	-	-
Unrealised (gain)/loss on foreign exchange		(1,286,547)	630,546	-	-
Operating profit/(loss) before working capital changes carried forward		24,255,714	48,507,888	(1,693,612)	(17,117)

SUMISAUJANA GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)**

		The Group		The Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Operating profit/(loss) before working capital changes brought forward		24,255,714	48,507,888	(1,693,612)	(17,117)
Decrease/(Increase) in Inventories		12,028,181	(6,607,133)	-	-
Decrease/(Increase) in trade and other receivables		44,124,617	(29,489,099)	(694,231)	-
(Decrease)/Increase in trade and other payables		(34,965,982)	23,864,928	95,952	(2,545)
Increase in amount owing to a director		300	-	300	-
Increase in contract assets		(2,808,454)	-	-	-
Decrease in contract liabilities		(282,683)	(78,901)	-	-
CASH FROM/(FOR) OPERATIONS		42,351,693	36,197,683	(2,291,591)	(19,662)
Interest received		944,315	381,324	-	-
Interest paid		(1,298,188)	(1,485,779)	-	-
Income tax paid		(9,811,697)	(9,810,965)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		32,186,123	25,282,263	(2,291,591)	(19,662)
CASH FLOWS FOR INVESTING ACTIVITIES					
Government grant received	21	1,252,179	-	-	-
Purchase of:					
- plant and equipment	36(a)	(6,277,998)	(4,755,142)	-	-
- intangible assets		-	(22,926)	-	-
- other investment		(45,447)	-	-	-
Placement of fixed deposits pledged with a licensed bank		(1,731,050)	(1,000,000)	-	-
Proceeds from disposal of plant and equipment		90,012	800	-	-
NET CASH FOR INVESTING ACTIVITIES		(6,712,304)	(5,777,268)	-	-

SUMISAUJANA GROUP BERHAD

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**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)**

		The Group		The Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES					
Dividends paid		(8,000,000)	(19,000,000)	-	-
Net (repayment)/drawdown:					
- bankers' acceptances	36(b)	973,117	7,289,480	-	-
- hire purchase payables	36(b)	(528,091)	(260,055)	-	-
- Islamic revolving facilities	36(b)	-	(3,955,129)	-	-
- lease liabilities	36(b)	(2,830,371)	(2,557,093)	-	-
- receivables factoring	36(b)	(2,351,979)	(39,110)	-	-
- trust receipts	36(b)	(7,800,932)	754,106	-	-
- term loans	36(b)	(383,386)	(1,319,469)	-	-
(Repayment to)/Advances from:					
- a subsidiary	36(b)	-	-	2,547,883	-
- a related party	36(b)	(29,599)	19,545	(69,252)	19,545
- directors	36(b)	(22,101)	12,861	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(20,973,342)	(19,054,864)	2,478,631	19,545
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		4,500,477	450,131	187,040	(117)
EFFECTS OF EXCHANGE RATE CHANGES		13,001	(268,219)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		24,054,273	23,872,361	348	465
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	36(d)	28,567,751	24,054,273	187,388	348

SUMISAUJANA GROUP BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

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

Registered office	: Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
Principal place of business	: No. 57, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Puncak Alam, Selangor Darul Ehsan.

These financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that include those of the Company and its subsidiary as of the end of the reporting period. The Company and its subsidiary are collectively referred to as "the Group".

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 6 March 2025.

2. CONVERSION TO BERHAD STATUS

The Company was incorporated in Malaysia as a private limited liability company. On 8 May 2024, the Company was converted to a public limited liability company. Consequently, the Company assumed the name of Sumisaujana Group Berhad.

3. HOLDING COMPANY

The holding company is Atreon Holdings Sdn. Bhd. ("Atreon"), a company incorporated in Malaysia.

4. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activity of the subsidiary is set out in Note 7 to the financial statements.

SUMISAUJANA GROUP BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. BASIS OF PREPARATION

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

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

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

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

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

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

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

	Effective Date
Amendments 18 Presentation and Disclosure in Financial Statements	1 January 2027
Amendments 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
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 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026

SUMISAUJANA GROUP BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. BASIS OF PREPARATION (CONT'D)

- (b) 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 and of the Company upon their initial application except as follows:-

MFRS 18 Presentation and Disclosure of Financial Statements

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statement of financial position and the statement of cash flows will also be affected. The potential impact of the new standard on the financial statements of the Group and the Company have yet to be assessed.

6. MATERIAL ACCOUNTING POLICY INFORMATION

6.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Source of Estimation Uncertainty

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

(a) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 12 and 14 to the financial statements respectively.

SUMISAUJANA GROUP BERHAD

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

6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

6.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Source of Estimation Uncertainty (Cont'd)

(b) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

(c) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group 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.

Critical Judgements Made in Applying Accounting Policies

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

Lease Terms

Some leases contain extension options exercisable by the Group 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).

SUMISAUJANA GROUP BERHAD

(Incorporated in Malaysia)

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

6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

6.2 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets at Amortised Cost

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

Financial Assets Through Other Comprehensive Income

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

(b) Financial Liabilities

Financial Liabilities at Amortised Cost

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

(c) Equity

Ordinary Shares

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

(d) Derivatives

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

SUMISAUJANA GROUP BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

6.2 FINANCIAL INSTRUMENTS (CONT'D)

(e) Financial Guarantee Contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

6.3 BASIS OF CONSOLIDATION

The Company was incorporated as part of a restructuring exercise under the listing scheme for the listing and quotation of its entire issued share capital on the ACE Market of Bursa Malaysia Securities Berhad. This restructuring will result in the Company becoming the holding company of Sumisaujana TCM Chemicals Sdn. Bhd. ("SSTCM").

On 5 December 2024, the Company acquired the entire issued and paid-up share capital of SSTCM and resulting thereof, SSTCM became a wholly-owned subsidiary of the Company.

As the Company did not constitute a business as defined in MFRS 3 *Business Combinations*, the acquisition was accounted for as a capital reorganisation arising from a transaction under common control, as the ultimate controlling shareholder remain unchanged before and after the internal reorganisation. Accordingly, the consolidated financial statements of the Company represent a continuation of the acquired entity, i.e. SSTCM and the results of entity are presented as if the reorganisation had occurred from the beginning of the earliest period presented in the financial statements.

In the consolidated financial statements of the Company, the Company incorporated the assets and liabilities of SSTCM at its pre-internal reorganisation carrying amounts without fair value uplift on the basis that there is no substantive economic change resulting from the internal restructuring. No new goodwill was recorded. The difference between the shares issued by the Company to acquire SSTCM and the share capital of SSTCM was recorded in the capital reorganisation reserve or reorganisation deficit in equity, as applicable.

SUMISAUJANA GROUP BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

6.4 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries, which are eliminated on consolidation, are stated in the financial statements of the Company at cost less impairment losses, if any.

6.5 PLANT AND EQUIPMENT

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

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

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

Plant and machinery	5% - 20%
Laboratory equipment	10%
Furniture and fittings	10%
Renovation	10%
Signboard	10%
Tools and equipment	20%
Computer and office equipment	10% - 20%
Storage	33 1/3%
Motor vehicles	20%

Capital work-in-progress represents plant and machinery under installation (2023 - website development). It is not depreciated until such time when the asset is available for use.

6.6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

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

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

6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

6.6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(b) Right-of-use Assets

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

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

(c) Lease Liabilities

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

6.7 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

6.8 GOVERNMENT GRANTS

The Group presents government grants related to an asset by setting up the grants as deferred income and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

SUMISAUJANA GROUP BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

7. INVESTMENT IN A SUBSIDIARY

	The Company	
	2024 RM	2023 RM
Unquoted shares, at cost		
At 1 January	-	-
Addition during the financial year	70,850,000	-
At 31 December	70,850,000	-

The details of the subsidiary are as follows:-

Name of Subsidiary	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parents		Principal Activities
		2024 %	2023 %	
Sumisaujana TCM Chemicals Sdn. Bhd. ("SSTCM")	Malaysia	100	-	Manufacturing of oil and gas specialty chemicals, trading of oil and gas specialty and industrial chemicals and provision of related support services.

- (a) In conjunction with the proposed listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad, the Company has undertaken an internal restructuring to acquire the entire issued share capital of SSTCM ("Proposed Acquisition").

On 29 February 2024, the Company entered into a conditional Share Sale Agreement ("SSA") with the vendors of SSTCM to acquire the entire issued share capital of SSTCM comprising 5,900,000 ordinary shares for a purchase consideration of RM70,850,000.

On 5 December 2024, the SSA became unconditional upon the fulfilment of the conditions precedent of the SSA. In consequent thereof, SSTCM became a wholly-owned subsidiary of the Company and consolidated under the reorganisation scheme.

The acquisition was completed on 7 February 2025.

SUMISAUJANA GROUP BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

7. INVESTMENT IN A SUBSIDIARY (CONT'D)

- (b) On 7 February 2025, the Company increased its issued and paid-up share capital from RM100 to RM70,850,100 by issuance of 1,133,600,000 new ordinary shares for a total consideration of RM70,850,000 as full payment for the acquisition of a subsidiary, SSTCM.

Below is the breakdown of the amount owing to the vendors as at 31 December 2024:-

	The Group/ The Company RM
Holding company, Atreon (Note 25)	67,307,500
Other payables (Note 24(a))	3,542,500
	<u>70,850,000</u>

Below are effects after incorporated the issuance of new ordinary shares on 7 February 2025:-

	As at 31.12.2024 RM	Issuance of New Ordinary Shares RM	After Issuance of New Ordinary Shares RM
Consolidated Statements of Financial Position (Extract):-			
Share capital	100	70,850,000	70,850,100
Total equity	17,103,497	70,850,000	87,953,497
Amount owing to holding company	67,307,500	(67,307,500)	-
Other payables and accruals	7,863,416	(3,542,500)	4,320,916
Total liabilities	116,359,697	(70,850,000)	45,509,697
Net current (liabilities)/assets	(1,685,479)	70,850,000	69,164,521

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

8. PLANT AND EQUIPMENT

The Group

2024

Carrying Amount

Plant and machinery
Laboratory equipment
Furniture and fittings
Renovation
Signboard
Tools and equipment
Computer and office equipment
Storage
Motor vehicles
Capital work-in-progress

	At 1.1.2024 RM	Additions (Note 36(a)) RM	Transfer RM	Disposals RM	Written Off (Note 32) RM	Depreciation Charges (Note 32) RM	At 31.12.2024 RM
	11,884,428	549,601	10,485,001	-	(6,580)	(1,217,750)	21,694,700
	1,486,721	1,418,977	-	-	(1,296)	(310,386)	2,594,016
	734,889	98,500	65,382	-	(215)	(108,002)	790,554
	985,568	302,348	1,465,596	-	-	(187,108)	2,566,404
	21,200	29,193	5,038	-	-	(5,721)	49,710
	10,732	39,661	-	-	-	(7,118)	43,275
	1,551,476	357,685	57,021	-	(3,601)	(410,688)	1,551,893
	195,469	76,951	-	(58,150)	-	(108,239)	106,031
	553,001	1,039,718	-	-	-	(375,420)	1,217,299
	57,021	13,553,187	(12,078,038)	-	-	-	1,532,170
	17,480,505	17,465,821	-	(58,150)	(11,692)	(2,730,432)	32,146,052

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

8. PLANT AND EQUIPMENT (CONT'D)

The Group

2023

Carrying Amount

Plant and machinery
Laboratory equipment
Furniture and fittings
Renovation
Signboard
Tools and equipment
Computer and office equipment
Storage
Motor vehicles
Capital work-in-progress

At 1.1.2023 RM	Additions (Note 36(a)) RM	Transfer RM	Disposals RM	Written Off (Note 32) RM	Depreciation Charges (Note 32) RM	At 31.12.2023 RM
10,003,428	1,630,679	1,400,000	-	(90,131)	(1,059,548)	11,884,428
353,817	1,228,421	-	(3,873)	-	(91,644)	1,486,721
399,390	408,950	-	-	-	(73,451)	734,889
633,024	474,514	-	-	-	(121,970)	985,568
3,436	19,038	-	-	-	(1,274)	21,200
10,031	3,560	-	-	-	(2,859)	10,732
480,136	854,577	546,730	-	(3,243)	(326,724)	1,551,476
413,660	48,014	-	(30,068)	-	(236,137)	195,469
627,293	238,869	-	-	-	(313,161)	553,001
2,072,730	57,021	(1,946,730)	-	(126,000)	-	57,021
14,996,945	4,963,643	-	(33,941)	(219,374)	(2,226,768)	17,480,505

SUMISAUJANA GROUP BERHAD

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

8. PLANT AND EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
The Group			
2024			
Plant and machinery	30,019,715	(8,325,015)	21,694,700
Laboratory equipment	3,599,736	(1,005,720)	2,594,016
Furniture and fittings	1,174,113	(383,559)	790,554
Renovation	4,011,167	(1,444,763)	2,566,404
Signboard	65,968	(16,258)	49,710
Tools and equipment	103,776	(60,501)	43,275
Computer and office equipment	2,771,601	(1,219,708)	1,551,893
Storage	548,438	(442,407)	106,031
Motor vehicles	2,678,194	(1,460,895)	1,217,299
Capital work-in-progress	1,532,170	-	1,532,170
	46,504,878	(14,358,826)	32,146,052
2023			
Plant and machinery	19,002,791	(7,118,363)	11,884,428
Laboratory equipment	2,205,817	(719,096)	1,486,721
Furniture and fittings	1,010,510	(275,621)	734,889
Renovation	2,243,223	(1,257,655)	985,568
Signboard	31,738	(10,538)	21,200
Tools and equipment	64,115	(53,383)	10,732
Computer and office equipment	2,361,130	(809,654)	1,551,476
Storage	752,849	(557,380)	195,469
Motor vehicles	1,985,022	(1,432,021)	553,001
Capital work-in-progress	57,021	-	57,021
	29,714,216	(12,233,711)	17,480,505

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8. PLANT AND EQUIPMENT (CONT'D)

- (a) Included in the plant and equipment of the Group were the following assets held under hire purchase arrangements:-

	The Group	
	2024	2023
	RM	RM
Plant and machinery	540,949	-
Laboratory equipment	1,450,699	-
Motor vehicles	1,217,295	553,001
Capital work-in-progress	446,450	-
	3,655,393	553,001

These assets are pledged as security for the hire purchase payables of the Group as disclosed in Note 20.1 to the financial statements.

- (b) Included in the carrying amount of the plant and equipment of the Group were following assets pledged to financial institution as security for the banking facilities granted to the Group as disclosed in Note 20.2 to the financial statements.

	The Group	
	2024	2023
	RM	RM
Plant and machinery	9,435,521	-
Capital work-in-progress	800,000	-
	10,235,521	-

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9. RIGHT-OF-USE ASSETS

	At 1.1.2024 RM	Addition (Note 36(a)) RM	Depreciation Charges (Note 32) RM	Reassessment of Lease Liabilities (Note 19) RM	At 31.12.2024 RM
The Group					
2024					
<i>Carrying Amount</i>					
Factory	593,700	-	(508,885)	-	84,815
Offices	840,084	-	(352,016)	-	488,068
Warehouses	2,476,957	-	(1,632,169)	382,751	1,227,539
Office equipment	-	481,485	(197,625)	-	283,860
	3,910,741	481,485	(2,690,695)	382,751	2,084,282
	At 1.1.2023 RM	Additions (Note 36(a)) RM	Depreciation Charges (Note 32) RM	Derecognition Due To Lease Modification RM	At 31.12.2023 RM
2023					
<i>Carrying Amount</i>					
Factory	1,102,585	-	(508,885)	-	593,700
Offices	122,508	968,104	(250,528)	-	840,084
Warehouses	3,589,963	653,636	(1,747,916)	(18,726)	2,476,957
	4,815,056	1,621,740	(2,507,329)	(18,726)	3,910,741

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9. RIGHT-OF-USE ASSETS (CONT'D)

The Group leases factory, offices, warehouses and office equipment of which the leasing activities are summarised below:-

- (a) Factory : The Group leased a factory for 5 years, with an option to renew the lease.
- (b) Offices : The Group leased several offices building between 2 to 5 years, with an option to renew the lease.
- (c) Warehouses : The Group leased several warehouses between 1 to 3 years, with an option to renew the lease.
- (d) Office equipment : The Group leased a number of printers ranging from 23 months to 5 years, with an option to renew the lease.

10. OTHER INVESTMENT

	The Group	
	2024 RM	2023 RM
Golf club membership, at fair value	45,447	-

The Group has designated the golf club membership to be measured at fair value through other comprehensive income because the Company intends to hold for long-term strategic purpose.

11. INVENTORIES

	The Group	
	2024 RM	2023 RM
Finished goods	9,707,708	17,875,606
Raw materials	13,983,891	13,997,480
Packaging materials	130,648	406,399
Work-in-progress	1,161,975	1,004,305
Goods-in-transit	204,853	3,394,374
Consumables	269,139	264,032
	<u>25,458,214</u>	<u>36,942,196</u>

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11. INVENTORIES (CONT'D)

	The Group	
	2024 RM	2023 RM
Recognised in profit or loss:-		
Inventories recognised as cost of sales	88,034,052	104,834,959
Inventories written off	-	196,776
(Reversal)/Allowance for impairment losses on inventories	(544,199)	318,096

12. TRADE RECEIVABLES

	The Group	
	2024 RM	2023 RM
Trade receivables	32,255,831	65,659,305
Allowance for impairment losses (Note 42.1(b)(iii))	(29,829)	-
	32,226,002	65,659,305

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

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Other receivables	140,965	39,056	-	-
Deposits	2,784,921	13,125,253	-	-
Prepayments	1,076,979	414,425	694,231	-
	4,002,865	13,578,734	694,231	-

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13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(a) Included in deposits are:-

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Cash collateral pledged as securities for:				
- trust receipts (Note 20.3)	-	5,969,079	-	-
- Islamic revolving facilities	400,000	400,000	-	-
Cash deposits pledged as securities for bank guarantees facility	20,000	3,134,643	-	-
Deposit paid for purchase of leasehold factory building (Note 39)	600,000	600,000	-	-
Deposits paid to suppliers	812,193	33,800	-	-
Deposits paid to purchase plant and equipment	-	1,390,780	-	-
	<u>-</u>	<u>1,390,780</u>	<u>-</u>	<u>-</u>

(b) Included in the prepayments of the Group and of the Company is an amount of RM694,231 (2023 - Nil) and RM694,231 (2023 - Nil), respectively representing expenses incurred for the issuance of new shares in conjunction with the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad.

14. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2024	2023
	RM	RM
Contract assets	2,808,454	-
Contract liabilities	(1,416)	(284,099)
	<u>2,807,038</u>	<u>(284,099)</u>

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

- (a) The contract assets primarily relate to the right to consideration for goods and services delivered but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.
- (b) The contract liabilities primarily relate to advances received from customers. The amount will be recognised as revenue when the performance obligations are satisfied.
- (c) The changes to contract asset and contract liability balances during the financial year are summarised as below:-

	The Group	
	2024 RM	2023 RM
At 1 January	(284,099)	(363,000)
Cash received/Amounts billed for unfilled performance obligations	(5,294,205)	(284,099)
Performance obligation performed	8,385,342	363,000
At 31 December	<u>2,807,038</u>	<u>(284,099)</u>

15. DERIVATIVE ASSETS/(LIABILITIES)

	The Group			
	Contract/Notional Amount		Fair Value	
	2024 RM	2023 RM	2024 RM	2023 RM
Derivative assets				
Forward currency contracts	<u>15,399,878</u>	<u>-</u>	<u>264,372</u>	<u>-</u>
Derivative liabilities				
Forward currency contracts	<u>3,350,037</u>	<u>-</u>	<u>(92,744)</u>	<u>-</u>

Forward currency contracts are used to hedge the Group's purchases denominated in Euro ("EUR") and sales denominated in United Stated Dollar ("USD"), for which firm commitments existed at the end of the reporting period. The settlement dates of the forward currency contracts range between 2 to 8 (2023 - Nil) months after the end of the reporting period.

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16. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.60% to 3.87% (2023 - 3.10% to 5.45%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 (2023 - 1 to 12) months.
- (b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM2,731,050 (2023 - RM1,000,000) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 20.4 to the financial statements.

17. SHARE CAPITAL AND INVESTED EQUITY

(a) Share Capital

	The Group/The Company			
	2024	2023	2024	2023
	Number Of Shares		RM	RM
Issued and Fully Paid-up				
Ordinary shares				
At 1 January	100	100	100	100
Subdivision of shares	1,500	-	-	-
At 31 December	1,600	100	100	100

- (i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (ii) During the financial year, the Company carried out subdivision of every 1 existing ordinary share into 16 ordinary shares. Following the subdivision, the issued share capital of the Company is RM100 comprising 1,600 ordinary shares.
- The new ordinary shares rank equally in all respects with the existing ordinary shares of the Company.
- (iii) Subsequent to the financial year, on 7 February 2025, the Company increased its issued and paid-up share capital from RM100 to RM70,850,100 by issuance of 1,133,600,000 new ordinary shares for a total consideration of RM70,850,000 as full payment for the acquisition of a subsidiary, SSTCM.

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17. SHARE CAPITAL AND INVESTED EQUITY (CONT'D)

(b) Invested Equity

	The Group			
	2024	2023	2024	2023
	Number Of Shares		RM	RM
Issued and Fully Paid-up				
Ordinary shares				
At 1 January	5,900,000	5,900,000	5,900,000	5,900,000
Effect of internal reorganisation (Note 18)	(5,900,000)	-	(5,900,000)	-
At 31 December	-	5,900,000	-	5,900,000

- (i) For the purpose of this report, the invested equity at the end of the reporting period represented the share capital of SSTCM.
- (ii) The holders of ordinary shares entitled, except for certain shareholders with waiver rights (for the period specified in the SSA between Atreon and the respective shareholders for the acquisition of share capital in SSTCM), to receive dividends as and when declared by the Company and are entitled to one vote per share at meetings of the Company. The ordinary shares have no par value.
- (iii) 4,720,000 ordinary shares, representing 80% of the issued and fully paid-up share capital of SSTCM were pledged to the financial institution for the banking facilities granted to Atreon, holding company in relation to the acquisition of 2,360,000 ordinary shares by Atreon from TCM Chemicals Inc, previously a substantial shareholder of SSTCM.

The financial institution subsequently released the pledged security on 16 January 2025.

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18. REORGANISATION DEFICIT

The reorganisation deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of the subsidiary upon internal restructuring exercise.

	The Group	
	2024 RM	2023 RM
Purchase consideration to be settled through issuance of shares of the Company (Note 7)	70,850,000	-
Less: Share capital of the subsidiary (Note 17(b))	(5,900,000)	-
Reorganisation deficit	<u>64,950,000</u>	<u>-</u>

19. LEASE LIABILITIES

	The Group	
	2024 RM	2023 RM
At 1 January	4,193,928	5,148,707
Additions (Note 36(b))	481,485	1,621,740
Interest expense recognised in profit or loss (Note 32)	213,309	226,048
Changes due to reassessment of lease term (Notes 9 and 36(b))	382,751	-
Derecognition due to lease modification (Note 36(b))	-	(19,426)
Repayment of principal (Note 36(b))	(2,830,371)	(2,557,093)
Repayment of interest expense	(213,309)	(226,048)
At 31 December	<u>2,227,793</u>	<u>4,193,928</u>
Analysed by:-		
Current liabilities	1,637,259	2,506,686
Non-current liabilities	590,534	1,687,242
	<u>2,227,793</u>	<u>4,193,928</u>

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20. BORROWINGS

		The Group	
	Note	2024 RM	2023 RM
<u>Non-current</u>			
Hire purchase payables	20.1	2,347,206	301,799
Term loans	20.2	7,302,327	332,829
		9,649,533	634,628
<u>Current</u>			
Hire purchase payables	20.1	697,645	221,168
Term loans	20.2	995,173	210,209
Trust receipts	20.3	-	7,800,932
Bankers' acceptances	20.4	11,008,429	9,976,480
Receivables factoring	20.5	-	2,351,979
		12,701,247	20,560,768
		<u>22,350,780</u>	<u>21,195,396</u>

20.1 HIRE PURCHASE PAYABLES

	The Group	
	2024 RM	2023 RM
Minimum hire purchase payments:		
- not later than 1 year	842,463	239,761
- later than 1 year and not later than 5 years	2,560,925	320,897
	3,403,388	560,658
Less: Future finance charges	(358,537)	(37,691)
Present value of hire purchase payables	<u>3,044,851</u>	<u>522,967</u>
Analysed by:-		
Current liabilities	697,645	221,168
Non-current liabilities	2,347,206	301,799
	<u>3,044,851</u>	<u>522,967</u>

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20. BORROWINGS (CONT'D)

20.1 HIRE PURCHASE PAYABLES (CONT'D)

- (a) The hire purchase payables of the Group are secured by:-
- (i) Facility agreement;
 - (ii) The Group's plant and equipment under leases as disclosed in Note 8(a) to the financial statements;
 - (iii) Jointly and severally guarantee by certain Directors of the Group and the Company; and
 - (iv) Corporate guarantee by the holding company.
- (b) The hire purchase payables of the Group at the end of the reporting period bores effective interest rates of 3.39% to 6.50% (2023 - 3.39% to 6.50%) per annum. The interest rate is fixed at the inception of the hire purchase arrangement.

20.2 TERM LOANS

Details of the repayment terms are as follows:-

Term loan	Monthly Instalment RM	Number of Monthly Instalments	Date Of Commencement Of Repayment	The Group Amount Outstanding	
				2024 RM	2023 RM
<u>Fixed rate term loans</u>					
1	19,637 #	54 #	31 January 2022 ^	329,415	543,038
2	2,665 - 45,806	120	7 January 2025	1,599,238	-
				1,928,653	543,038
<u>Floating rate term loan</u>					
3	102,399	84	7 August 2024	6,368,847	-
				8,297,500	543,038
Analysed by:-					
Current liabilities				995,173	210,209
Non-current liabilities				7,302,327	332,829
				8,297,500	543,038

Notes:-

- # - Revised monthly instalment after loan moratorium.
- ^ - Revised date of commencement of repayment after loan moratorium.

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20. BORROWINGS (CONT'D)

20.2 TERM LOANS (CONT'D)

The term loans bore effective interest rates of 2.00% to 7.50% (2023 - 3.50%) per annum at the end of the reporting period.

The term loan 1 is secured by:-

- (a) Facilities agreement;
- (b) Jointly and severally guarantee by certain Directors of the Group and the Company;
- (c) Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad; and
- (d) Corporate guarantee by the holding company.

The term loans 2 and 3 are secured by:-

- (a) Facilities agreement;
- (b) Jointly and severally guarantee by certain Directors of the Group and the Company;
- (c) Legal charge by debenture over the plant and equipment of the Group as disclosed in Note 8(b) to the financial statements; and
- (d) Corporate guarantee by the holding company.

For term loan 1, the licensed banks have granted the Group a moratorium period of 9 months for the monthly principal repayment of the term loans. It resulted in a revision of monthly repayment amount and extension of the tenure of the facility. The details are as follows:-

Term Loan	Moratorium Period	Original Monthly Repayment RM	Revised Monthly Repayment RM	Original Maturity Date	Extended Maturity Date
1	April 2021 to December 2021	18,509	19,637	November 2025	June 2026

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20. BORROWINGS (CONT'D)

20.3 TRUST RECEIPTS

In the previous financial year:-

- (a) The trust receipts bore effective interest rates of 6.83% to 7.44% per annum at the end of the reporting period.
- (b) The trust receipts were secured by:-
 - (i) Corporate guarantee by the holding company;
 - (ii) Jointly and severally guarantee by certain Directors of the Group and the Company; and
 - (iii) Cash Collateral Agreement pertaining to the cash deposit amounting to RM5,969,079 equivalent USD1,300,000, being 20% security for the facility, as disclosed in Note 13 to the financial statements.

20.4 BANKERS' ACCEPTANCES

The bankers' acceptances bore effective interest rates of 3.63% to 6.05% (2023 - 3.60% to 5.38%) per annum at the end of the reporting period.

The bankers' acceptances are secured by:-

- (a) Jointly and severally guarantee of RM4,200,000 and RM30,000,000 (2023 - RM10,000,000) by certain Directors of the Group and the Company respectively;
- (b) 70% guarantee coverage of the RM3,800,000 facility from Syarikat Jaminan Pembiayaan Perniagaan Berhad;
- (c) Fixed deposits of RM2,731,050 (2023 - RM1,000,000) pledged to a licensed bank as disclosed in Note 16(b) to the financial statements; and
- (d) Corporate guarantee of RM30,000,000 (2023 - RM10,000,000) by the holding company.

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20. BORROWINGS (CONT'D)

20.5 RECEIVABLES FACTORING

In the previous financial year:-

- (a) The receivables factoring bore effective interest rates of 5.31% to 7.58% per annum at the end of the reporting period.
- (b) The receivables factoring were secured by:-
 - (i) Execution and completion of Receivables Purchase (Recourse) Agreement supported by Certified Board of Directors' resolution;
 - (ii) Jointly and severally guarantee for RM10,000,000 by certain Directors of the Group and the Company; and
 - (iii) Corporate guarantee of RM10,000,000 by the holding company.

21. GOVERNMENT GRANT

	The Group	
	2024 RM	2023 RM
At 1 January	1,761,489	1,867,012
Received during the financial year	1,252,179	-
Amortisation during the financial year (Note 32)	(247,457)	(105,523)
At 31 December	<u>2,766,211</u>	<u>1,761,489</u>
Analyse by:-		
Current liabilities	205,203	105,523
Non-current liabilities	2,561,008	1,655,966
	<u>2,766,211</u>	<u>1,761,489</u>

Government grant has been received for the purchase of certain items of plant and equipment. There are no unfulfilled conditions or contingencies attached to this grant.

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22. DEFERRED TAX LIABILITIES

	The Group	
	2024 RM	2023 RM
At 1 January	1,797,113	1,797,113
Recognised in the profit or loss (Note 33)	911,543	-
At 31 December	<u>2,708,656</u>	<u>1,797,113</u>

The components of the deferred tax liabilities are attributable to the following:-

	The Group	
	2024 RM	2023 RM
Deferred tax liabilities:-		
Accelerated capital allowances over depreciation	2,469,295	1,820,205
Unrealised gain on foreign exchange	305,587	-
	<u>2,774,882</u>	<u>1,820,205</u>
Deferred tax asset:-		
Others	(66,226)	(23,092)
	<u>2,708,656</u>	<u>1,797,113</u>

23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2023 - 30 to 90) days.

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24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Other payables	5,055,988	1,641,371	3,580,395	-
Accruals	2,510,127	10,494,504	61,657	3,600
Other tax payables	297,301	122,380	-	-
	<u>7,863,416</u>	<u>12,258,255</u>	<u>3,642,052</u>	<u>3,600</u>

(a) Included in the other payables of the Company is an amount of RM3,542,500 (2023 - Nil), which represents the amount owing to the vendors arising from the acquisition of a subsidiary, SSTCM as disclosed in Note 7(b) to the financial statements.

(b) Included in accruals are:-

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Directors' remuneration	18,183	159,829	1,657	-
Staff costs	<u>1,529,610</u>	<u>6,657,512</u>	<u>-</u>	<u>-</u>

25. AMOUNT OWING TO HOLDING COMPANY

The amount owing is non-trade in nature, unsecured and arising from the acquisition of a subsidiary, SSTCM as disclosed in Note 7(b) to the financial statements.

26. AMOUNT OWING TO A SUBSIDIARY

The amount owing is non-trade in nature, unsecured and bore effective interest rate of 5.25% (2023 - Nil) per annum. The amount owing is repayable on demand and is to be settled in cash.

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27. AMOUNT OWING TO A RELATED PARTY

At the end of the previous financial year, the amount owing represents amount owing to Atreon. The amount was non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

As disclosed in Note 7(a) to the financial statements, the SSA became unconditional on 5 December 2024, which is the date upon the fulfilment of the Conditions Precedent of SSA. In consequent thereof, SSTCM and Atreon became the subsidiary and holding company, respectively.

28. AMOUNT OWING TO DIRECTORS

The amount owing was non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

29. DIVIDEND PAYABLE

	The Group	
	2024 RM	2023 RM
<u>In respect of the financial year ended 31 December 2023</u>		
Interim dividend of RM1.36 per ordinary share	-	8,000,000

30. REVENUE

	The Group	
	2024 RM	2023 RM
Revenue from Contracts with Customers		
<u>Recognised at a point in time</u>		
Sale of goods	150,715,462	189,479,578
<u>Recognised over time</u>		
Services rendered	4,240,416	4,287,771
	<u>154,955,878</u>	<u>193,767,349</u>
Revenue from Other Source		
Rental of equipment	3,654,238	5,015,755
	<u>158,610,116</u>	<u>198,783,104</u>

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30. REVENUE (CONT'D)

- (a) The information on the disaggregation of revenue by geographical market is disclosed in Note 40 to the financial statements.
- (b) The information about the performance obligations in contracts with customers is summarised below:-

<u>Nature of Goods or Services</u>	<u>Timing and Method of Revenue Recognition</u>	<u>Significant Payment Terms</u>	<u>Variable Consideration</u>	<u>Warranty and Obligation for Returns or Refunds</u>
Sale of goods	When goods have been delivered and accepted by customers or in accordance with the incoterms agreed by customers.	Credit period of 30 to 90 days from the invoice date.	Not applicable	Not applicable
Service rendered	When services are rendered. As a practical expedient, the Company recognises revenue on a straight-line method over the period of service.	Credit period of 30 to 90 days from the invoice date.	Not applicable	Not applicable

- (c) The information of the revenue from other source is summarised below:-

Rental income

Rental income is recognised on an accrual basis.

31. IMPAIRMENT LOSS ON FINANCIAL ASSETS

	The Group	
	2024 RM	2023 RM
Impairment loss on trade receivables (Note 42.1(b)(iii))	29,829	-

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	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- statutory audit fees:				
- for the financial year	82,000	81,600	4,000	3,600
- underprovision in the previous financial year	400	8,000	400	-
- non-statutory audit fee:				
- for the financial year	71,600	-	3,200	-
Depreciation:				
- plant and equipment (Note 8)	2,730,432	2,226,768	-	-
- right-of-use assets (Note 9)	2,690,695	2,507,329	-	-
Directors' remuneration (Note 37(a))	5,439,267	6,839,223	291,340	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	5,772	5,798	-	-
- hire purchase payables (Note 36(b))	107,923	23,535	-	-
- term loans (Note 36(b))	146,250	102,087	-	-
- a subsidiary (Note 36(b))	-	-	7,712	-
- a related party (Note 36(b))	-	-	39,653	-
- others (Note 36(b))	824,934	1,128,311	-	-
Interest expense on lease liabilities (Notes 19 and 36(b))	213,309	226,048	-	-
Lease expenses:				
- low-value assets	24,062	-	-	-
- short-term leases	785,265	1,200,265	-	-
Loss/(Gain) on foreign exchange:				
- realised	3,654,433	(3,161,228)	-	-
- unrealised	(1,286,547)	630,546	-	-

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32. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit/(Loss) before taxation is arrived at after charging/ (crediting) (Cont'd):-				
Staff costs (including other key management personnel as disclosed in Note 37(b))				
- salaries, wages, bonuses and allowances	19,428,486	17,737,447	-	-
- defined contribution benefits	2,033,890	2,025,359	-	-
- other benefits	1,873,267	1,998,133	-	-
Written off:				
- inventories (Note 11)	-	196,776	-	-
- plant and equipment (Note 8)	11,692	219,374	-	-
Amortisation of government grant (Note 21)	(247,457)	(105,523)	-	-
(Gain)/Loss on disposal of plant and equipment	(31,862)	33,141	-	-
Gain on modification of leases	-	(700)	-	-
Interest income	(944,315)	(381,324)	-	-
Provision for tax penalty:				
- overprovision in the previous financial year	-	(1,056,500)	-	-
(Reversal)/Allowance for impairment losses on inventories (Note 11)	(544,199)	318,096	-	-

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**NOTES TO THE FINANCIAL STATEMENTS
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	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Current tax:				
- for the financial year	3,127,547	10,786,078	-	-
- overprovision in the previous financial year	(626,875)	(24,532)	-	-
	2,500,672	10,761,546	-	-
Deferred tax (Note 22):				
- relating to origination and reversal of temporary differences	911,543	-	-	-
	3,412,215	10,761,546	-	-

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

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit/(Loss) before taxation	20,549,258	41,377,626	(1,740,977)	(17,117)
Tax at the statutory tax rate of 24% (2023 - 24%)	4,931,822	9,930,630	(417,834)	(4,108)
Tax effects of:-				
Non-deductible expenses	974,415	1,375,324	417,834	4,108
Non-taxable income	(193,384)	(519,876)	-	-
Utilisation of reinvestment allowances	(1,673,763)	-	-	-
Overprovision of current tax in the previous financial year	(626,875)	(24,532)	-	-
Income tax expenses for the financial year	3,412,215	10,761,546	-	-

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

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33. INCOME TAX EXPENSE (CONT'D)

Reinvestment allowance is an incentive given to Malaysian resident companies involved in the manufacturing sector and selected agricultural sector to incentivise these companies to reinvest and grow their businesses. The allowance is given for 15 years from year 2019. The allowance is computed at 60% of qualifying capital expenditure incurred and can be utilised against 70% of statutory income.

34. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The basic earnings per share is arrived at by dividing the profit attributed to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2024	2023
Profit after taxation attributable to owners of the Company (RM)	17,137,043	30,616,080
Weighted average number of ordinary shares in issue: - at 31 December	5,482,474	5,900,100 *
Basic earnings per ordinary share (RM): - at 31 December	3.13	5.19

Note:-

* - For the purpose of this report, the total number of shares represents the aggregate number of issued and fully paid-up share capital of the Company and SSTCM.

(b) Diluted Earnings Per Share

The diluted earnings per share is equal to the basic earnings per share because there were no potential ordinary shares during the financial year.

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35. DIVIDENDS

	The Group	
	2024 RM	2023 RM
Ordinary Shares		
<u>In respect of the financial year ended 31 December 2023</u>		
Dividend of RM0.68 per ordinary share	-	4,000,000
Dividend of RM1.69 per ordinary share	-	10,000,000
Dividend of RM1.36 per ordinary share	-	8,000,000
	<u>-</u>	<u>22,000,000</u>

36. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of plant and equipment and the additions of right-of-use assets are as follows:-

	The Group	
	2024 RM	2023 RM
Plant and equipment		
Cost of plant and equipment purchased (Note 8)	17,465,821	4,963,643
Less: Acquired through hire purchase arrangements (Note 36(b))	(3,049,975)	(208,501)
Less: Acquired through term loans (Note 36(b))	(8,137,848)	-
	<u>6,277,998</u>	<u>4,755,142</u>
Right-of-use assets		
Cost of right-of-use assets acquired (Note 9)	481,485	1,621,740
Less: Additions of new lease liabilities (Note 36(b))	(481,485)	(1,621,740)
	<u>-</u>	<u>-</u>

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36. CASH FLOW INFORMATION (CONT'D)

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

	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Receivables Factoring RM	Lease Liabilities RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
The Group										
2024										
At 1 January	543,038	522,967	7,800,932	9,976,480	-	2,351,979	4,193,928	29,599	22,101	25,441,024
Changes in Financing										
Cash Flows										
Proceeds from drawdown	-	-	10,785,523	42,942,718	1,754,818	15,482,000	-	-	-	70,965,059
Repayment of principal	(383,386)	(528,091)	(18,586,455)	(41,969,601)	(1,754,818)	(17,833,979)	(2,830,371)	-	-	(83,886,701)
Repayment of interests	(146,250)	(107,923)	(258,432)	(485,571)	(39,643)	(41,288)	(213,309)	-	-	(1,292,416)
Repayment to	-	-	-	-	-	-	-	(29,599)	(22,101)	(51,700)
	(529,636)	(636,014)	(8,059,364)	487,546	(39,643)	(2,393,267)	(3,043,680)	(29,599)	(22,101)	(14,265,758)

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36. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Receivables Factoring RM	Lease Liabilities RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
2024										
<u>Other Changes</u>										
Additions of plant and equipment (Note 36(a))	8,137,848	3,049,975	-	-	-	-	-	-	-	11,187,823
Additions of new leases (Notes 19 and 36(a))	-	-	-	-	-	-	481,485	-	-	481,485
Reassessment of lease (Note 19)	-	-	-	-	-	-	382,751	-	-	382,751
Expenses claimed	-	-	-	-	-	-	-	-	300	300
Interest expense recognised in profit or loss (Note 32)	146,250	107,923	258,432	485,571	39,643	41,288	213,309	-	-	1,292,416
Unrealised loss on foreign exchange difference	-	-	-	58,832	-	-	-	-	-	58,832
	8,284,098	3,157,898	258,432	544,403	39,643	41,288	1,077,545	-	300	13,403,607
At 31 December	8,297,500	3,044,851	-	11,008,429	-	-	2,227,793	-	300	24,578,873

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36. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Receivables Factoring RM	Lease Liabilities RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
The Group										
2023										
At 1 January	1,862,507	574,521	6,577,288	2,687,000	3,955,129	2,540,131	5,148,707	10,054	9,240	23,364,577
Changes in Financing Cash Flows										
Payment on behalf by Proceeds from drawdown	-	-	-	-	-	-	-	19,545	-	19,545
Repayment of principal	(1,319,469)	(260,055)	(35,260,391)	(21,369,585)	(5,751,191)	(35,871,160)	(2,557,093)	-	-	(102,388,944)
Repayment of interests	(102,087)	(23,535)	(722,105)	(242,511)	(128,395)	(35,300)	(226,048)	-	-	(1,479,981)
	(1,421,556)	(283,590)	32,001	7,046,969	(4,083,524)	(74,410)	(2,783,141)	19,545	-	(1,547,706)

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36. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Receivables Factoring RM	Lease Liabilities RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
2023										
Other Changes										
Additions of plant and equipment (Note 36(a))	-	208,501	-	-	-	-	-	-	-	208,501
Additions of new leases (Notes 19 and 36(a))	-	-	-	-	-	-	1,621,740	-	-	1,621,740
Derecognition due to lease modification (Note 19)	-	-	-	-	-	-	(19,426)	-	-	(19,426)
Expenses claimed	-	-	-	-	-	-	-	-	12,861	12,861
Interest expense recognised in profit or loss (Note 32)	102,087	23,535	722,105	242,511	128,395	35,300	226,048	-	-	1,479,981
Unrealised loss/(gain) on foreign exchange difference	-	-	469,538	-	-	(149,042)	-	-	-	320,496
	102,087	232,036	1,191,643	242,511	128,395	(113,742)	1,828,362	-	12,861	3,624,153
At 31 December	543,038	522,967	7,800,932	9,976,480	-	2,351,979	4,193,928	29,599	22,101	25,441,024

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36. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Amount Owing to A Subsidiary RM	Amount Owing to Related Parties RM	Total RM
The Company			
2024			
At 1 January	-	29,599	29,599
<u>Change in Financing Cash Flows</u>			
Advances from	-	600,000	600,000
Payment on behalf by	756,501	1,151,729	1,908,230
Repayment to	-	(29,599)	(29,599)
Reclassification (Note 27)	1,791,382	(1,791,382)	-
	2,547,883	(69,252)	2,478,631
<u>Other Changes</u>			
Interest expenses recognised in profit or loss (Note 32)	7,712	39,653	47,365
At 31 December	2,555,595	-	2,555,595
			Amount Owing to A Related Party RM
2023			
At 1 January			10,054
<u>Change in Financing Cash Flows</u>			
Payment on behalf by			19,545
At 31 December			29,599

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36. CASH FLOW INFORMATION (CONT'D)

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

	The Group	
	2024 RM	2023 RM
Payment of short-term leases	785,265	1,200,265
Payment of low-value assets	24,062	-
Interest paid on lease liabilities	213,309	226,048
Payment of lease liabilities	2,830,371	2,557,093
	<u>3,853,007</u>	<u>3,983,406</u>

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

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Fixed deposits with licensed banks	7,731,050	14,770,000	-	-
Cash and bank balances	23,567,751	10,284,273	187,388	348
	<u>31,298,801</u>	<u>25,054,273</u>	<u>187,388</u>	<u>348</u>
Less: Fixed deposits pledged with licensed banks (Note 16(b))	(2,731,050)	(1,000,000)	-	-
	<u>28,567,751</u>	<u>24,054,273</u>	<u>187,388</u>	<u>348</u>

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37. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Group and of the Company and certain members of senior management of the Group.

The key management personnel compensation during the financial year are as follows:-

(a) Directors

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<u>Directors of the Company</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- salaries, bonuses, allowances and other benefits	3,633,740	4,935,899	-	-
Defined contribution benefits	419,373	593,877	-	-
	4,053,113	5,529,776	-	-
<i>Independent Non-Executive Directors</i>				
Short-term employee benefits:				
- fees	268,840	-	268,840	-
- allowances	22,500	-	22,500	-
	291,340	-	291,340	-
<u>Directors of the Subsidiary</u>				
Short-term employee benefits:				
- salaries, bonuses, allowances and other benefits	980,058	1,167,559	-	-
Defined contribution benefits	114,756	141,888	-	-
	1,094,814	1,309,447	-	-
Total directors' remuneration (Note 32)	5,439,267	6,839,223	291,340	-

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37. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(a) Directors (Cont'd)

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Group was RM119,336 (2023 - RM99,008).

(b) Other Key Management Personnel

	The Group	
	2024	2023
	RM	RM
Salaries, bonuses and allowances	1,949,218	1,696,778
Defined contribution benefits	220,088	118,797
Other benefits	3,651	1,834
Total comprehensive for other key management personnel (Note 32)	<u>2,172,957</u>	<u>1,817,409</u>

38. RELATED PARTY DISCLOSURES

(a) A Subsidiary

The subsidiary is disclosed in Note 7 to the financial statements.

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38. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances

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

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Holding company				
Deposit paid for lease rental	-	31,500	-	-
Dividends declared	-	22,000,000	-	-
Expenses paid on behalf of	30,454	16,672	-	-
Expenses paid on behalf by	-	19,031	-	-
Purchase of plant and equipment	18,460	-	-	-
Rental expense	126,000	98,500	-	-
A subsidiary				
Expenses paid on behalf by	-	-	756,501	-
Interest expense	-	-	7,712	-
A related party				
Advances from	-	-	600,000	-
Payment on behalf by	-	19,545	1,151,729	19,545
Interest expense	-	-	39,653	-

The significant outstanding balance of a related party together with its terms and conditions are disclosed in the respective notes to the financial statements.

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39. CAPITAL COMMITMENTS

	The Group	
	2024 RM	2023 RM
Purchase of:		
- plant and equipment	665,133	5,396,072
- leasehold factory building	18,900,000	18,900,000
- leasehold warehouse and office building	23,900,000	-
- leasehold factory and office building	16,300,000	-
	<u>59,765,133</u>	<u>24,296,072</u>

At the end of the reporting period, an earnest deposit of RM600,000 (2023 - RM600,000) has been paid to purchase the leasehold factory building as disclosed in Note 13 to the financial statements.

40. OPERATING SEGMENTS

In determining the geographical segments of the Group, segment revenue is based on the final destination of the goods delivered and these are:-

- (i) Malaysia;
- (ii) Thailand;
- (iii) Indonesia;
- (iv) Saudi Arabia;
- (v) Oman; and
- (vi) Others: these consist of segments which cover mainly Australia, China, Kuwait and United Arab Emirates of which individually fall below the 10% threshold of a reportable segment.

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40. OPERATING SEGMENTS (CONT'D)

(a) Geographical Segments

	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Total RM
The Group					
2024					
Segment revenue					
Sales to external customers	28,855,475	49,654,829	23,350,004	56,749,808	158,610,116
Profit before taxation					20,549,258
Income tax expense					(3,412,215)
Profit after taxation					<u>17,137,043</u>

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40. OPERATING SEGMENTS (CONT'D)

(a) Geographical Segments (Cont'd)

	Malaysia RM	Thailand RM	Indonesia RM	Saudi Arabia RM	Oman RM	Others RM	Total RM
The Group							
2023							
<u>Segment revenue</u>							
Sales to external customers	61,098,371	35,145,693	21,023,400	38,885,958	19,417,137	23,212,545	198,783,104
Profit before taxation							41,377,626
Income tax expense							(10,761,546)
Profit after taxation							<u>30,616,080</u>

There are no segment results, assets and capital expenditure presented as the Group does not have a legal presence in any other country than Malaysia.

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40. OPERATING SEGMENTS (CONT'D)

(b) Business Segments

No business segment information has been presented as the Group is mainly involved in the manufacturing of oil and gas specialty chemicals, trading of oil and gas specialty and industrial chemicals and provision of related support services which are substantially within a single business segment.

(c) Major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:-

	The Group	
	2024 RM	2023 RM
Customer A	34,080,781	79,092,775
Customer B	51,031,182	51,034,988
Customer C	18,746,763	42,400,909
Customer D	24,354,822	#

Note:-

- Contributed less than 10% of the Group's total revenue

41. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

		The Group	
	Currency Code	2024 RM	2023 RM
United States Dollar	USD	4.4755	4.5900
Euro	EUR	4.6626	5.0768
Chinese Yuan	CNY	0.6131	-

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42. FINANCIAL INSTRUMENTS

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

42.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily USD, EUR and Chinese Yuan ("CNY"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure

The exposure to foreign currency risk (a currency which is other than the functional currency of the entity within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

The Group	United States Dollar RM	Euro RM	Chinese Yuan RM	Ringgit Malaysia RM	Total RM
2024					
<u>Financial Assets</u>					
Other investment	-	-	-	45,447	45,447
Trade receivables	24,848,400	-	-	7,377,602	32,226,002
Other receivables	-	-	30,425	110,540	140,965
Derivative assets	264,372	-	-	-	264,372
Fixed deposits with licensed banks	-	-	-	7,731,050	7,731,050
Cash and bank balances	6,419,501	42,749	-	17,105,501	23,567,751
	31,532,273	42,749	30,425	32,370,140	63,975,587

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Euro RM	Chinese Yuan RM	Ringgit Malaysia RM	Total RM
2024					
<u>Financial Liabilities</u>					
Trade payables	1,946,397	3,257,292	-	5,837,192	11,040,881
Other payables and accruals	-	-	-	7,566,115	7,566,115
Amount owing to holding company	-	-	-	67,307,500	67,307,500
Amount owing to directors	-	-	-	300	300
Lease liabilities	-	-	-	2,227,793	2,227,793
Hire purchase payables	-	-	-	3,044,851	3,044,851
Term loans	-	-	-	8,297,500	8,297,500
Bankers' acceptances	3,256,368	-	-	7,752,061	11,008,429
Derivative liabilities	-	92,744	-	-	92,744
	5,202,765	3,350,036	-	102,033,312	110,586,113

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Chinese Yuan RM	Ringgit Malaysia RM	Total RM
The Group					
2024					
Net financial assets/(liabilities)	26,329,508	(3,307,287)	30,425	(69,663,172)	(46,610,526)
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	-	69,663,172	69,663,172
Less: Forward foreign currency contracts (contracted notional principal)	(15,399,878)	3,350,037	-	-	(12,049,841)
Currency Exposure	10,929,630	42,750	30,425	-	11,002,806

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Euro RM	Ringgit Malaysia RM	Total RM
2023				
<u>Financial Assets</u>				
Trade receivables	23,320,275	-	42,339,030	65,659,305
Other receivables	-	-	39,056	39,056
Fixed deposits with licensed banks	13,770,000	-	1,000,000	14,770,000
Cash and bank balances	6,301,955	-	3,982,318	10,284,273
	<u>43,392,230</u>	<u>-</u>	<u>47,360,404</u>	<u>90,752,634</u>

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Euro RM	Ringgit Malaysia RM	Total RM
2023				
<u>Financial Liabilities</u>				
Trade payables	5,536,794	26,553,059	5,995,147	38,085,000
Other payables and accruals	475,746	-	11,660,129	12,135,875
Amount owing to a related party	-	-	29,599	29,599
Amount owing to directors	-	-	22,101	22,101
Lease liabilities	-	-	4,193,928	4,193,928
Hire purchase payables	-	-	522,967	522,967
Term loans	-	-	543,038	543,038
Trust receipts	7,800,932	-	-	7,800,932
Bankers' acceptances	-	-	9,976,480	9,976,480
Receivables factoring	385,684	-	1,966,295	2,351,979
Dividend payable	-	-	8,000,000	8,000,000
	14,199,156	26,553,059	42,909,684	83,661,899
Net financial assets/(liabilities)	29,193,074	(26,553,059)	4,450,720	7,090,735
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(4,450,720)	(4,450,720)
Currency Exposure	29,193,074	(26,553,059)	-	2,640,015

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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

Foreign Currency Risk Sensitivity Analysis

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

	The Group	
	2024 RM	2023 RM
Effects on Profit After Taxation/ Other Comprehensive Income		
USD/RM - strengthened by 5%	415,326	1,109,337
- weakened by 5%	(415,326)	(1,109,337)
EUR/RM - strengthened by 5%	1,625	(1,009,016)
- weakened by 5%	(1,625)	1,009,016
CNY/RM - strengthened by 5%	1,156	-
- weakened by 5%	(1,156)	-

(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 exposure to interest rate risk arises mainly from borrowings with variable rates. The Group adopt a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

The 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 20 to the financial statements.

The interest rate risk profile of the Group's interest-bearing financial instruments based on the carrying amounts at the end of the reporting period are as follows:-

	The Group	
	2024 RM	2023 RM
Fixed Rate Instruments		
Fixed deposits with licensed banks	7,731,050	14,770,000
Hire purchase payables	(3,044,851)	(522,967)
Term loans	(1,928,653)	(543,038)
	<u>2,757,546</u>	<u>13,703,995</u>
Floating Rate Instruments		
Term loans	(6,368,847)	-
Trust receipts	-	(7,800,932)
Bankers' acceptances	(11,008,429)	(9,976,480)
Receivables factoring	-	(2,351,979)
	<u>(17,377,276)</u>	<u>(20,129,391)</u>

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

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

	The Group	
	2024	2023
	RM	RM
Effects on Profit After Taxation/ Other Comprehensive Income		
Increase of 100 basis points	(132,067)	(152,983)
Decrease of 100 basis points	132,067	152,983

(iii) Equity Price Risk

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

(b) Credit Risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group 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 and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Also, the Group's exposure to credit risk includes corporate guarantee given to financial institutions for credit facilities granted to holding company. The Group monitors the ability of the holding company to serve their loans on an individual basis.

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 3 (2023 - 1) customers from which constituted approximately 49% (2023 - 45%) of its trade receivables as at the end of the reporting period.

(ii) Maximum Exposure to Credit Risk

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

In addition, the Group's maximum exposure to credit risk also includes corporate guarantees provided to its holding company, representing the outstanding banking facilities of the holding company as at the end of the reporting period. The details are as follows:-

	The Group	
	2024 RM	2023 RM
Corporate guarantees to holding company	<u>-</u>	<u>15,504,480</u>

These corporate guarantees have not been recognised in the Group's financial statements since their fair values on initial recognition were not material.

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

The Group has put in place a practice to assess the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

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

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

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

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

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate.

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets

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

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled goods and services delivered and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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

The expected loss rates are based on the payment profiles of sales over 12 months (2023 - 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the simplified approach. The Company has identified the Consumer Price Index as the key macroeconomic factor of the forward-looking information.

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

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

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

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

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses

The reconciliations of allowance for impairment losses are as follows:-

	Credit Impaired RM
The Group	
<u>Trade receivables</u>	
Balance at 1.1.2023	-
Additions	-
	<hr/>
Balance at 31.12.2023/1.1.2024 (Note 12)	-
Additions (Note 31)	29,829
	<hr/>
Balance at 31.12.2024 (Note 12)	29,829
	<hr/>

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd)

The information about the credit exposure and loss allowances recognised for trade receivables and contract assets are as follows:-

	Gross Amount RM	Lifetime Individual Allowance RM	Lifetime Collective Allowance RM	Carrying Amount RM
The Group				
2024				
Current (not past due)	20,644,714	-	-	20,644,714
Less than 3 months past due	9,816,302	-	-	9,816,302
3 to 6 months past due	1,520,916	-	-	1,520,916
Over 6 months past due	273,899	(29,829)	-	244,070
Trade receivables	32,255,831	(29,829)	-	32,226,002
Contract assets	2,808,454	-	-	2,808,454
	35,064,285	(29,829)	-	35,034,456
2023				
Current (not past due)	51,560,660	-	-	51,560,660
Less than 3 months past due	12,731,008	-	-	12,731,008
3 to 6 months past due	1,043,491	-	-	1,043,491
Over 6 months past due	324,146	-	-	324,146
Trade receivables	65,659,305	-	-	65,659,305
Contract assets	-	-	-	-
	65,659,305	-	-	65,659,305

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd)

Trade receivables that are individually determined to be impaired relate to debtors who are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

There has not been any significant change in the gross amounts of trade receivables and contract assets that impacted the allowance for impairment losses.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, the Group 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. The Group considers there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Other Receivables (Cont'd)

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

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

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

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

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Other Receivables (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

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

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

Allowance for Impairment Losses

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

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group and the Company consider the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company is of the view that the loss allowance is immaterial and hence, it is not provided for.

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Financial Guarantee Contracts

Corporate guarantees for borrowing facilities granted to holding company are financial guarantee contract.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Group closely monitors the holding company's financial strength to reduce the risk of loss.

The Group considers there is a significant increase in credit risk when the holding company's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:-

- The holding company is unlikely to repay its obligation to the bank in full; or
- The holding company is having a deficit in equity and is continuously loss making.

The Group determines the probability of default of the guaranteed amounts individually using internal information available.

Allowance for Impairment Losses

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

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

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

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

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
The Group						
2024						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	11,040,881	11,040,881	11,040,881	-	-
Other payables and accruals	-	7,566,115	7,566,115	7,566,115	-	-
Amount owing to holding company	-	67,307,500	67,307,500	67,307,500	-	-
Amount owing to directors	-	300	300	300	-	-
Lease liabilities	4.78 - 6.61	2,227,793	2,334,925	1,636,950	697,975	-
Hire purchase payables	3.39 - 6.50	3,044,851	3,403,388	842,463	2,560,925	-
Term loans	2.00 - 7.50	8,297,500	10,317,929	1,498,453	5,160,902	3,658,574
Bankers' acceptances	3.63 - 6.05	11,008,429	11,008,429	11,008,429	-	-

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
The Group						
2024 (Cont'd)						
<u>Derivative Financial Liability</u>	-	92,744	92,744	92,744	-	-
<u>Derivative liabilities</u>		110,586,113	113,072,211	100,993,835	8,419,802	3,658,574

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Group	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2023						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	38,085,000	38,085,000	38,085,000	-	-
Other payables and accruals	-	12,135,875	12,135,875	12,135,875	-	-
Amount owing to a related party	-	29,599	29,599	29,599	-	-
Amount owing to directors	-	22,101	22,101	22,101	-	-
Lease liabilities	5.01 - 6.05	4,193,928	4,417,420	2,664,540	1,752,880	-
Hire purchase payables	3.39 - 6.50	522,967	560,658	239,761	320,897	-
Term loans	3.50	543,038	592,512	235,639	356,873	-
Trust receipts	6.83 - 7.44	7,800,932	7,800,932	7,800,932	-	-
Bankers' acceptances	3.60 - 5.38	9,976,480	9,976,480	9,976,480	-	-
Receivables factoring	5.31 - 7.58	2,351,979	2,351,979	2,351,979	-	-
Dividend payable	-	8,000,000	8,000,000	8,000,000	-	-
Financial guarantee contracts in relation to corporate guarantee given to holding company #	-	-	15,504,480	861,360	3,517,220	11,125,900
		83,661,899	99,477,036	82,403,266	5,947,870	11,125,900

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2024						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals	-	3,642,052	3,642,052	3,642,052	-	-
Amount owing to holding company	-	67,307,500	67,307,500	67,307,500	-	-
Amount owing to a subsidiary	5.25	2,555,595	2,555,595	2,555,595	-	-
Amount owing to directors	-	300	300	300	-	-
		73,505,447	73,505,447	73,505,447	-	-

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
The Company						
2023						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals	-	3,600	3,600	3,600	-	-
Amount owing to a related party	-	29,599	29,599	29,599	-	-
		33,199	33,199	33,199	-	-

Note:-

- # - The contractual undiscounted cash flows represent the outstanding credit facilities of the holding company at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair values on initial recognition were not material.

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio that complies with debt covenant and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period is as follows:-

	The Group	
	2024	2023
	RM	RM
Lease liabilities (Note 19)	2,227,793	4,193,928
Hire purchase payables (Note 20.1)	3,044,851	522,967
Term loans (Note 20.2)	8,297,500	543,038
Trust receipts (Note 20.3)	-	7,800,932
Bankers' acceptances (Note 20.4)	11,008,429	9,976,480
Receivables factoring (Note 20.5)	-	2,351,979
	<u>24,578,573</u>	<u>25,389,324</u>
Less: Cash and cash equivalents (Note 36(d))	<u>(28,567,751)</u>	<u>(24,054,273)</u>
Net (cash)/debt	<u>(3,989,178)</u>	<u>1,335,051</u>
Total equity	<u>17,103,497</u>	<u>70,816,454</u>
Debt-to-equity ratio	<u>#</u>	<u>0.02</u>

Note:

- Not applicable as the Group's cash and cash equivalents exceed its borrowings.

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

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Derivative assets (Note 15)	264,372	-	-	-
<u>Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition</u>				
Other investment (Note 10)	45,447	-	-	-
<u>Amortised Cost</u>				
Trade receivables (Note 12)	32,226,002	65,659,305	-	-
Other receivables (Note 13)	140,965	39,056	-	-
Fixed deposits with licensed banks (Note 16)	7,731,050	14,770,000	-	-
Cash and bank balances	23,567,751	10,284,273	187,388	348
	63,665,768	90,752,634	187,388	348

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial Liabilities				
<u>Fair Value Through Profit or Loss</u>				
Derivative liabilities (Note 15)	92,744	-	-	-
<u>Amortised Cost</u>				
Trade payables (Note 23)	11,040,881	38,085,000	-	-
Other payables and Accruals (Note 24)	7,566,115	12,135,875	3,642,052	3,600
Amount owing to holding company (Note 25)	67,307,500	-	67,307,500	-
Amount owing to a subsidiary (Note 26)	-	-	2,555,595	-
Amount owing to a related party (Note 27)	-	29,599	-	29,599
Amount owing to directors (Note 28)	300	22,101	300	-
Hire purchase payables (Note 20.1)	3,044,851	522,967	-	-
Term loans (Note 20.2)	8,297,500	543,038	-	-
Trust receipts (Note 20.3)	-	7,800,932	-	-
Bankers' acceptances (Note 20.4)	11,008,429	9,976,480	-	-
Receivables factoring (Note 20.5)	-	2,351,979	-	-
Dividend payables (Note 29)	-	8,000,000	-	-
	<u>108,265,576</u>	<u>79,467,971</u>	<u>73,505,447</u>	<u>33,199</u>

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	264,372	-	-	-
<u>Amortised Cost</u>				
Net (losses)/ gains recognised in profit or loss	(1,099,498)	3,138,241	-	-
Financial Liabilities				
<u>Fair Value Through Profit or Loss</u>				
Net losses recognised in profit or loss	(92,744)	-	-	-
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(1,471,787)	(1,485,966)	(47,365)	-

42.5 FAIR VALUE INFORMATION

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.

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 FAIR VALUE INFORMATION (CONT'D)

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

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
The Group								
2024								
<u>Financial Assets</u>								
Other investment	-	-	45,447	-	-	-	45,447	45,447
Derivative assets	-	264,372	-	-	-	-	264,372	264,372
<u>Financial Liabilities</u>								
Term loans:								
- fixed rate	-	-	-	-	1,928,653	-	1,928,653	1,928,653
- floating rate	-	-	-	-	6,368,847	-	6,368,847	6,368,847
Hire purchase payables	-	-	-	-	3,044,851	-	3,044,851	3,044,851
Derivative liabilities	-	92,744	-	-	-	-	92,744	92,744

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 FAIR VALUE INFORMATION (CONT'D)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
The Group								
2023								
<u>Financial Liabilities</u>								
Term loan:								
- fixed rate	-	-	-	-	543,038	-	543,038	543,038
Hire purchase payables	-	-	-	-	522,967	-	522,967	522,967

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42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair value above have been determined using the following basis:-
 - (aa) The fair value for golf club memberships is estimated based on references to current available quotations of the same investments.
 - (bb) The fair values of forward currency contracts are determined by discounting the difference between contractual forward prices and the current forward prices for the residual maturity of the contracts using a risk-free interest rate (government bonds).
- (ii) There was no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the term loan that carry floating interest rate approximated its carrying amount as it is repriced to market interest rate on or near the reporting date.
- (ii) The fair value of term loans and hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2024 %	2023 %
Term loans (fixed rate)	2.00 to 3.50	3.50
Hire purchase payables	3.39 to 6.50	3.39 to 6.50

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43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 28 February 2024, the Company carried out subdivision of every 1 existing ordinary share into 16 ordinary shares. Following the subdivision of the issued share capital, the issued share capital of the Company is RM100 comprising 1,600 ordinary shares.
- (b) On 29 February 2024, the Company entered into a conditional SSA with the vendors of SSTCM to acquire the entire issued share capital of SSTCM comprising 5,900,000 ordinary shares for a purchase consideration of RM70,850,000.

The purchase consideration of RM70,850,000 was based on the net assets of the SSTCM as at 31 December 2023, which amounted to RM70,849,305. The purchase consideration will be fully satisfied by the issuance of 1,133,600,000 new ordinary shares at an issue price of RM0.0625 per share in the Company to the vendors of SSTCM in equal proportion to their existing shareholdings in SSTCM.

On 5 December 2024, the SSA became unconditional upon the fulfilment of the conditions precedent of the SSA. In consequent thereof, SSTCM became a wholly-owned subsidiary of the Company and consolidated under the reorganisation scheme.

The acquisition was completed on 7 February 2025.

- (c) On 21 June 2024, SSTCM has obtained the consent from SME Bank to release and discharge the corporate guarantee provided to Atreon for the Commodity Murabahah Term Financing-i (CMTF-i) facility of up to RM27,761,000.
- (d) On 12 July 2024, SSTCM entered into two Sale and Purchase agreements with Atreon Holdings Sdn. Bhd. for the following purchases:-
 - (i) The acquisition of New Puncak Alam Corporate Office and Warehouse for a total purchase consideration of RM23,900,000 to be satisfied entirely in cash; and
 - (ii) The acquisition of New Puncak Alam Factory and Warehouse for a total purchase consideration of RM16,300,000 to be satisfied entirely in cash.
- (e) On 5 December 2024, the Company obtained conditional approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the entire enlarged issue share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

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44. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 7 February 2025, the Company increased its issued and paid-up share capital from RM100 to RM70,850,100 by issuance of 1,133,600,000 new ordinary shares for a total consideration of RM70,850,000 as full payment for the acquisition of a subsidiary, SSTCM.

45. COMPARATIVE FIGURES

The comparative figures of the Group were presented based on the financial statements of the Company and SSTCM, as if the restructuring had occurred before the start of the earliest period presented.