

**STERLING AND WILSON SOLAR MALAYSIA SDN. BHD.**

Registration No.: 201901019937 (1329266-U)

(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2022**

**STERLING AND WILSON SOLAR MALAYSIA SDN. BHD.**

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FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2022**

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Registration No.: 201901019937 (1329266-U)

**STERLING AND WILSON SOLAR MALAYSIA SDN. BHD.**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 March 2022.

**PRINCIPAL ACTIVITIES**

The intended principal activities of the Company are setting up green field solar plants of various sizes, design, engineer, supply, erect, commission and or operate and maintain the plants accessories, components, spare parts thereof and provide renewable energy solutions. The Company has yet to commence operations.

There have been no significant changes in the nature of these activities during the financial year.

**RESULTS**

	<b>RM</b>
Net loss for the financial year	<u>124,995</u>

**DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year. The Company is not in a position to pay or declare dividends for the current 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.

**ISSUANCE OF SHARES OR DEBENTURES**

The Company has not issued any shares or debentures during the financial year.

**OPTIONS GRANTED OVER UNISSUED SHARES**

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

**DIRECTORS OF THE COMPANY**

The Directors in office since the beginning of the financial year to the date of this report are:

Logarajah Subramaniam  
Neville Dinsha Madan  
Bikesh Ogra

Resigned on 11 March 2022

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of Directors in office at the end of the financial year in shares or debentures of the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares			Amount		
	At 01.04.2021 Unit	Acquired Unit	Sold Unit	At 31.03.2022 Unit	At 01.04.2021 RM	At 31.03.2022 RM
<b>Name of Director:</b>						
<i>Ordinary shares in the Company</i>						
<b>Direct interest:</b>						
- Logarajah Subramaniam *	525,000	-	-	525,000	525,000	525,000

\* Pledged to Sterling and Wilson International Solar FZCO.

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

## DIRECTORS' REMUNERATION AND BENEFITS

There were no fees and other benefits paid to or receivable by the Directors or past Directors of the Company or any other benefits received or receivable by them otherwise than in cash from the Company for their services to the Company.

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 9 to the financial statements.

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

## OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
  - (i) which would necessitate the writing off of bad debts or the provision for doubtful debts;
  - (ii) which would render the values attributed to current assets in the financial statements of the Company misleading;



## OTHER STATUTORY INFORMATION (cont'd)

- (b) At the date of this report, the Directors are not aware of any circumstances: (cont'd)
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
  - (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Company to meet its obligations as and when they fall due;
  - (ii) the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.
- (e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company is RM6,000.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company by any Director or past Director of the Company.
- (g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company.

## HOLDING COMPANIES

The Directors regard Sterling and Wilson Renewable Energy Limited (*formerly known as Sterling and Wilson Solar Limited*) and Sterling and Wilson International Solar FZCO as the ultimate and immediate holding companies of the Company respectively. The ultimate holding company is incorporated in India and the immediate holding company is incorporated in Dubai, United Arab Emirates.

**AUDITORS**

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 5 April 2022.



LOGARAJAH SUBRAMANIAM



NEVILLE DINSHA MADAN

**STERLING AND WILSON SOLAR MALAYSIA SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 9 to 23 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of its financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 5 April 2022.



LOGARAJAH SUBRAMANIAM



NEVILLE DINSHA MADAN

**STATUTORY DECLARATION**

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

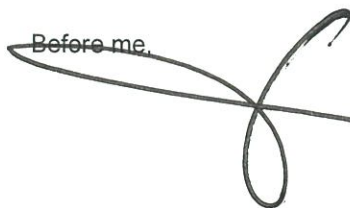
I, LOGARAJAH SUBRAMANIAM, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 9 to 23 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed  
at Kuala Lumpur in the Federal Territory  
on 5 April 2022



LOGARAJAH SUBRAMANIAM

Before me,



LEVEL 25, MENARA HONG LEONG,  
NO 6, JALAN DAMANLELA, BUKIT DAMANSARA  
50490 KUALA LUMPUR



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
STERLING AND WILSON SOLAR MALAYSIA SDN. BHD.**Registration No.: 201901019937 (1329266-U)  
(Incorporated in Malaysia)**Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Sterling and Wilson Solar Malaysia Sdn. Bhd., which comprise the statement of financial position as at 31 March 2022 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**Basis for Opinion**

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

*Independence and Other Ethical Responsibilities*

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

**Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
STERLING AND WILSON SOLAR MALAYSIA SDN. BHD. (cont'd)**

Registration No.: 201901019937 (1329266-U)  
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**Responsibilities of the Directors for the Financial Statements**

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
STERLING AND WILSON SOLAR MALAYSIA SDN. BHD. (cont'd)**

Registration No.: 201901019937 (1329266-U)  
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**Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Other Matter**

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.



MOORE STEPHENS ASSOCIATES PLT  
201304000972 (LLP0000963-LCA)  
Chartered Accountants (AF002096)

Petaling Jaya, Selangor  
Date: 5 April 2022



CHUAH SOO HUAT  
03002/07/2022 J  
Chartered Accountant

**STERLING AND WILSON SOLAR MALAYSIA SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	Note	2022 RM	2021 RM
Other income		2,923	5,400
Administrative expenses		<u>(127,918)</u>	<u>(183,066)</u>
<b>Loss before tax</b>	4	(124,995)	(177,666)
Income tax expense	5	<u>-</u>	<u>-</u>
<b>Loss net of tax, representing total comprehensive income for the financial year</b>		<u>(124,995)</u>	<u>(177,666)</u>

The annexed notes form an integral part of,  
and should be read in conjunction with, these financial statements.



**STERLING AND WILSON SOLAR MALAYSIA SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

	Note	2022 RM	2021 RM
<b>ASSET</b>			
<b>Current Asset</b>			
Cash and bank balances		<u>447,053</u>	<u>580,614</u>
<b>TOTAL ASSET</b>		<u>447,053</u>	<u>580,614</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	6	750,000	750,000
Accumulated losses		<u>(388,933)</u>	<u>(263,938)</u>
<b>Total Equity</b>		<u>361,067</u>	<u>486,062</u>
<b>Current Liabilities</b>			
Other payables	7	15,161	23,727
Amount due to immediate holding company	8	<u>70,825</u>	<u>70,825</u>
<b>Total Liabilities</b>		<u>85,986</u>	<u>94,552</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>447,053</u>	<u>580,614</u>

The annexed notes form an integral part of,  
and should be read in conjunction with, these financial statements.



**STERLING AND WILSON SOLAR MALAYSIA SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	<b>Share Capital RM</b>	<b>Accumulated Losses RM</b>	<b>Total Equity RM</b>
<b>2021</b>			
<b>At 1 April 2020</b>	750,000	(86,272)	663,728
Loss net of tax, representing total comprehensive income for the financial year	-	(177,666)	(177,666)
<b>At 31 March 2021</b>	<u>750,000</u>	<u>(263,938)</u>	<u>486,062</u>
<b>2022</b>			
<b>At 1 April 2021</b>	750,000	(263,938)	486,062
Loss net of tax, representing total comprehensive income for the financial year	-	(124,995)	(124,995)
<b>At 31 March 2022</b>	<u>750,000</u>	<u>(388,933)</u>	<u>361,067</u>

The annexed notes form an integral part of,  
and should be read in conjunction with, these financial statements.

**STERLING AND WILSON SOLAR MALAYSIA SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	<b>2022</b> <b>RM</b>	<b>2021</b> <b>RM</b>
<b>Cash Flows from Operating Activities</b>		
Loss before tax	(124,995)	(177,666)
Adjustment for:		
Unrealised (gain)/loss on foreign exchange	<u>(2,923)</u>	<u>25,876</u>
Operating loss before changes in working capital	(127,918)	(151,790)
<b>Changes in working capital:</b>		
Other payables	<u>(8,566)</u>	<u>10,318</u>
<b>Net cash used in operating activities</b>	<u>(136,484)</u>	<u>(141,472)</u>
<b>Cash Flows from Financing Activity</b>		
Advances from immediate holding company, representing net cash from financing activity	<u>-</u>	<u>17,720</u>
<b>Net decrease in cash and cash equivalents</b>	(136,484)	(123,752)
Effect of exchange rate changes on cash and cash equivalents	2,923	(25,876)
Cash and cash equivalents at beginning of the financial year	<u>580,614</u>	<u>730,242</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u><u>447,053</u></u>	<u><u>580,614</u></u>

The annexed notes form an integral part of,  
and should be read in conjunction with, these financial statements.

**STERLING AND WILSON SOLAR MALAYSIA SDN. BHD.**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**1. CORPORATE INFORMATION**

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

The registered office of the Company is located at C-2-3A, TTDI Plaza, Jalan Wan Kadir 3, Taman Tun Dr Ismail, 60000 Kuala Lumpur.

The intended principal activities of the Company are setting up green field solar plants of various sizes, design, engineer, supply, erect, commission and or operate and maintain the plants accessories, components, spare parts thereof and provide renewable energy solutions. The Company has yet to commence operations. There have been no significant changes in the nature of these activities during the financial year.

The Directors regard Shapoorji and Pallonji Company Private Limited, Sterling and Wilson Solar Limited and Sterling and Wilson International Solar FZCO as the ultimate, penultimate and immediate holding companies of the Company respectively. The ultimate and penultimate holding companies are both incorporated in India and the immediate holding company is incorporated in Dubai, United Arab Emirates.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 5 April 2022.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

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

The Company has also considered the new accounting pronouncements in the preparation of the financial statements.

**(i) Accounting pronouncements that are effective and adopted during the financial year**

Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Company.

## 2. BASIS OF PREPARATION (cont'd)

### (a) Statement of compliance (cont'd)

#### (ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Company has not adopted the following new accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Company:-

#### *Effective for financial periods beginning on or after 1 January 2022*

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRSs 2018 – 2020 Cycle	

#### *Effective for financial periods beginning on or after 1 January 2023*

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

#### *Effective date to be announced*

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
------------------------------------	---

The Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Company upon their initial applications.

### (b) Basis of measurement

These financial statements have been prepared on the historical cost convention except otherwise disclosed in the accounting policy notes.

### (c) Functional and presentation currency

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



## **2. BASIS OF PREPARATION (cont'd)**

### **(d) Significant accounting estimates and judgements**

The summary of accounting policies as described in Note 3 are essential to understand the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

There are no key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

### **(a) Foreign currency transactions**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the profit or loss for the period except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operation.

### **(b) Other income recognition**

#### Government grant

Government grant received from government on wages subsidy is recognised over the qualified period under the criteria set by the government.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Government grant

The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Government grant relating to the acquisition of assets are classified as non-current are amortised to the profit or loss over the expected lives of the related assets, on basis consistent with the depreciation of the related assets.

#### (d) Employee benefits

##### Short-term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the year/period in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

##### Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Company has no further payment obligations.

#### (e) Income taxes

##### Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

##### Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.



### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (e) Income taxes (cont'd)

##### Deferred tax (cont'd)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss.

#### (f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

#### (g) Financial instruments

##### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

##### (ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

##### ***Financial assets***

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets.

All financial assets, are subject to impairment assessment under Note 3(h).

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (g) Financial instruments (cont'd)

##### (ii) Financial instrument categories and subsequent measurement (cont'd)

###### *Financial liabilities*

###### Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

##### (iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

##### (iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

#### (h) Impairment

##### Financial assets

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

The Company measures the loss allowances on cash and bank balances as follows:

12-month ECLs – represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months).

The impairment methodology applied depends on whether there has been a significant increase in credit risk.



### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (h) Impairment (cont'd)

##### General approach - other financial instruments

The Company applies the general approach to provide for ECLs on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

#### (i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

##### Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (j) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

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

Level 3: Unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

### 4. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):-

	2022 RM	2021 RM
Auditors' remuneration	6,000	4,800
Employee benefit expenses (Note a)	103,337	104,246
Unrealised (gain)/loss on foreign exchange	(2,923)	25,876
Wages subsidies (Note b)	-	(5,400)

#### 4. LOSS BEFORE TAX (cont'd)

(a) Employee benefit expenses comprise:

	2022 RM	2021 RM
Salaries and wages	80,969	81,890
Contributions to defined contribution plan	20,160	20,160
Social security contributions	2,208	2,196
	<u>103,337</u>	<u>104,246</u>

(b) Representing grant received from the Malaysian Government in relation to wages subsidies for eligible employees.

#### 5. INCOME TAX EXPENSE

There is no provision for tax expense for the current year and previous year as the Company did not generate any taxable income.

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

The reconciliation of the tax amount at statutory income tax rate to the Company's tax expense is as follows:

	2022 RM	2021 RM
Loss before tax	<u>(124,995)</u>	<u>(177,666)</u>
Tax at the Malaysian statutory income tax rate of 24% (2021: 24%)	(29,999)	(42,640)
Expenses not deductible for tax purposes	29,999	43,936
Income not subject to tax	<u>-</u>	<u>(1,296)</u>
Income tax expense for the financial year	<u>-</u>	<u>-</u>

As the Company has yet to commence operations, all losses are deemed permanent losses and therefore not eligible to be carried forward and utilised against future profits of the Company, if any.

#### 6. SHARE CAPITAL

	Number of shares		Amount	
	2022 Unit	2021 Unit	2022 RM	2021 RM
<b>Ordinary shares</b>				
<b>Issued and fully paid:</b>				
At beginning/end of the financial year	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>

**6. SHARE CAPITAL (cont'd)**

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual interests.

**7. OTHER PAYABLES**

	<b>2022 RM</b>	<b>2021 RM</b>
Other payables	-	10,318
Accruals	15,161	13,409
	<u>15,161</u>	<u>23,727</u>

**8. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY**

This non-trade amount represents unsecured, interest-free advance which is repayable on demand.

**9. RELATED PARTIES DISCLOSURES**

**(a) Identity of related parties**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has a related party relationship with its holding companies and key management personnel.

**(b) Related party transactions**

The related party balance is shown in Note 8. The related party transactions of the Company are shown below.

	<b>2022 RM</b>	<b>2021 RM</b>
<b>Transaction with immediate holding company:</b>		
- Advances from	<u>-</u>	<u>17,720</u>

**(c) Compensation of key management personnel**

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel comprise all the Directors of the Company. There was no remuneration paid to key management personnel during the financial year.



## 10. FINANCIAL INSTRUMENTS

### Categories of financial instruments

The Company's financial assets and financial liabilities are all categorised as amortised costs.

### Financial Risk Management Objectives and Policies

The Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Company's operations whilst managing its financial risks, including credit risk, liquidity risk and foreign currency risk. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions. The Company does not apply hedge accounting.

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

#### (i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

#### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

#### (ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Company's exposures to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

All of the Company's liabilities as at the reporting date mature within one year or are repayable on demand.

#### (iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk on transactions and balances that are denominated in a currency other than the functional currency of the Company. The currency giving rise to this risk is primarily United States Dollar ("USD").

The Company holds cash and cash equivalents denominated in foreign currency as a natural hedge against fluctuates in foreign currency risk.

Foreign exchange exposures in transactional currency other than functional currency of the Company is kept to an acceptable level.



## 10. FINANCIAL INSTRUMENTS (cont'd)

### Financial Risk Management Objectives and Policies (cont'd)

#### (iii) Foreign currency risk (cont'd)

##### Exposure to foreign currency risk

The Company's significant exposure to foreign currency (a currency which is other than functional currency of the Company) risk, based on carrying amounts as at end of the reporting period was:

	2022 RM	2021 RM
<b>USD</b>		
- Cash and bank balances	444,483	564,439
- Amount due to immediate holding company	(70,825)	(70,825)
	<u>373,658</u>	<u>493,614</u>

##### Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Company's loss net of tax to a reasonably possible change in USD against RM, with all other variables held constant:

	Increase/(Decrease) in Loss net of tax	
	2022 RM	2021 RM
<b>USD/RM</b>		
- Strengthened by 5% (2021: 5%)	(14,199)	(18,757)
- Weakened by 5% (2021: 5%)	<u>14,199</u>	<u>18,757</u>

## 11. FAIR VALUES INFORMATION

### Financial instruments other than those carried at fair value

*Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values*

The carrying amounts of short-term payables, cash and cash equivalents approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

## 12. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure an adequate capital base when developing its future business and safeguard the Company's ability to continue as a going concern.

There were no changes in the Company's approach to capital management during the financial year. As the Company has no external borrowings, the debt-to-equity ratio is not presented as it does not provide a meaningful indicator of the risk of borrowings.

The Company is not subject to any externally imposed capital requirements.