

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 2021**

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FOR THE FINANCIAL YEAR ENDED
31 MARCH 2021**

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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 2021.

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

	RM
Loss for the financial year, net of tax	<u>(177,666)</u>

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period. 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

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 01.04.2020 Unit	Acquired Unit	Sold Unit	At 31.03.2021 Unit	At 01.04.2020 RM	At 31.03.2021 RM
Name of Director:						
<i>Ordinary shares in the Company</i>						
Direct interest:						
- 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 period, 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 RM4,800.
- (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 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.

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 25 May 2021.



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 24 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 2021 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 25 May 2021.



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 24 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.



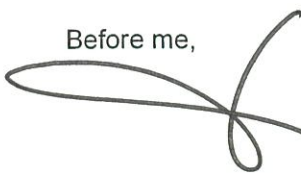
Subscribed and solemnly declared by the
abovenamed
at ~~Petaling Jaya~~ in the State of ~~Selangor~~
on 25 May 2021

KUALA LUMPUR
WILAYAH PERSEKUTUAN



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 2021 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 24.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the 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: 25 May 2021



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 2021**

		01.04.2020 to 31.03.2021 RM	04.06.2019 to 31.03.2020 RM
	Note		
Other income		5,400	42,051
Administrative expenses		(183,066)	(128,323)
Loss before tax	4	(177,666)	(86,272)
Tax expense	5	-	-
Loss net of tax, representing total comprehensive income for the financial year/period		<u>(177,666)</u>	<u>(86,272)</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 2021**

	Note	31.03.2021 RM	31.03.2020 RM
ASSET			
Current Asset			
Cash and bank balances		580,614	730,242
TOTAL ASSET		<u>580,614</u>	<u>730,242</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	6	750,000	750,000
Accumulated losses		(263,938)	(86,272)
Total Equity		<u>486,062</u>	<u>663,728</u>
Current Liabilities			
Other payables	7	23,727	13,409
Amount due to immediate holding company	8	70,825	53,105
Total Liabilities		<u>94,552</u>	<u>66,514</u>
TOTAL EQUITY AND LIABILITIES		<u>580,614</u>	<u>730,242</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 2021**

	Note	Share Capital RM	Accumulated Losses RM	Total Equity RM
At 4 June 2019 (Date of incorporation)		1	-	1
Transaction with Owners:				
Issuance of ordinary shares	6	749,999	-	749,999
Loss net of tax, representing total comprehensive income for the financial period		-	(86,272)	(86,272)
At 31 March 2020		<u>750,000</u>	<u>(86,272)</u>	<u>663,728</u>
At 1 April 2020		750,000	(86,272)	663,728
Loss net of tax, representing total comprehensive income for the financial year		-	(177,666)	(177,666)
At 31 March 2021		<u>750,000</u>	<u>(263,938)</u>	<u>486,062</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 2021

	01.04.2020 to 31.03.2021 RM	04.06.2019 to 31.03.2020 RM
Cash Flows from Operating Activities		
Loss before tax	(177,666)	(86,272)
Adjustment for:		
Unrealised loss/(gain) on foreign exchange	25,876	(42,051)
Operating loss before changes in working capital	(151,790)	(128,323)
Changes in working capital:		
Other payables	10,318	13,409
Net cash used in operating activities	<u>(141,472)</u>	<u>(114,914)</u>
Cash Flows from Financing Activities		
Issuance of ordinary shares	-	749,999
Advances from immediate holding company	17,720	53,105
Net cash from financing activities	<u>17,720</u>	<u>803,104</u>
Net (decrease)/increase in cash and cash equivalents	(123,752)	688,190
Effect of exchange rate changes on cash and cash equivalents	(25,876)	42,051
Cash and cash equivalents at beginning of the financial year/ date of incorporation	730,242	1
Cash and cash equivalents at end of the financial year/period	<u><u>580,614</u></u>	<u><u>730,242</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 2021

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 25 May 2021.

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 3	Definition of a Business
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to References to the Conceptual Framework in MFRSs	

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 June 2020

Amendments to MFRS 16	Covid-19 – Related Rent Concessions
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Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
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Effective for financial periods beginning on or after 1 April 2021

Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021
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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 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

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
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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.

2. BASIS OF PREPARATION (cont'd)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(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/period, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Income taxes (cont'd)

Deferred tax (cont'd)

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.

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. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(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 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.

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

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

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(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):-

	01.04.2020 to 31.03.2021 RM	04.06.2019 to 31.03.2020 RM
Auditors' remuneration	4,800	4,800
Employee benefit expenses (Note a)	104,246	68,402
Incorporation expenses	-	6,360
Unrealised loss/(gain) on foreign exchange	25,876	(42,051)
Wages subsidies (Note b)	(5,400)	-

(a) Employee benefit expenses comprise:

	01.04.2020 to 31.03.2021 RM	04.06.2019 to 31.03.2020 RM
Salaries and wages	81,890	52,581
Contributions to defined contribution plan	20,160	14,357
Social security contributions	2,196	1,464
	<u>104,246</u>	<u>68,402</u>

4. LOSS BEFORE TAX (cont'd)

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

5. TAX EXPENSE

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

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (31.03.2020: 24%) of the estimated assessable profit for the year/period.

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

	01.04.2020 to 31.03.3021 RM	04.06.2019 to 31.03.2020 RM
Loss before tax	<u>(177,666)</u>	<u>(86,272)</u>
Tax at the Malaysian statutory income tax rate of 24% (31.03.2020: 24%)	(42,640)	(20,705)
Expenses not deductible for tax purposes	43,936	30,797
Income not subject to tax	<u>(1,296)</u>	<u>(10,092)</u>
Tax expense for the financial year/period	<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	
	31.03.3021 Unit	31.03.2020 Unit	31.03.3021 RM	31.03.2020 RM
Ordinary shares				
Issued and fully paid:				
At beginning of the financial year/ date of incorporation	750,000	1	750,000	1
Issued during the financial year/ period	<u>-</u>	<u>749,999</u>	<u>-</u>	<u>749,999</u>
At the end of the financial year/ period	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>

On 4 June 2019, the Company was incorporated with an issued and fully paid-up share capital of RM1 consisting of 1 ordinary share as subscriber's share.

On 9 August 2019, the Company increased its issued share capital from RM1 to RM750,000 by issuance of 749,999 ordinary shares via cash for working capital purposes.

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

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

	31.03.2021 RM	31.03.2020 RM
Other payables	10,318	-
Accruals	13,409	13,409
	<u>23,727</u>	<u>13,409</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.

	01.04.2020 to 31.03.2021 RM	04.06.2019 to 31.03.2020 RM
Transaction with immediate holding company:		
- Advances from	<u>17,720</u>	<u>53,105</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/period.

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:

	31.03.2021 RM	31.03.2020 RM
USD		
- Cash and bank balances	564,439	720,652
- Amount due to immediate holding company	(70,825)	(53,105)
	<u>493,614</u>	<u>667,547</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	
	31.03.2021 RM	31.03.2020 RM
USD/RM		
- Strengthened by 5% (31.03.2020: 5%)	(18,757)	(25,367)
- Weakened by 5% (31.03.2020: 5%)	<u>18,757</u>	<u>25,367</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.

12. CAPITAL MANAGEMENT (cont'd)

There were no changes in the Company's approach to capital management during the financial year/period.

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

13. COMPARATIVE FIGURES

The comparatives relating to statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes are made up from 4 June 2019 to 31 March 2020 and therefore are not comparable with the current financial year from 1 April 2020 to 31 March 2021.