

# **Elgi Compressors (M) Sdn. Bhd.**

202001041969 (1398290-H)  
(Incorporated in Malaysia)

## **Reports and Financial Statements**

31 March  
**2023**

**nk associates**

(Chartered Accountants)  
(AF 1313)

**Elgi Compressors (M) Sdn. Bhd.** 202001041969 (1398290-H)  
(Incorporated in Malaysia)

**Reports  
and Financial Statements**

31 March

**2023**

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# Elgi Compressors (M) Sdn. Bhd.

(Incorporated in Malaysia)

## Directors' Report

for the year ended 31 March 2023

The Directors hereby submits their report together with the audited financial statements of the Company for the year ended 31 March 2023.

### Principal Activity

The Company is principally engaged in the business of trading air compressors, spare parts, fittings and accessories.

There has been no significant change in the nature of this activity during the year.

### Results

	RM
Loss after tax	<u>858,807</u>

### Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

### Reserves and Provisions

There were no material transfers to or from reserves or provisions except as disclosed in the financial statements.

### Issue of shares and debentures

The Company did not issue any new shares and debentures during the financial year under review.

### Directors

The Directors who have held office during the financial year and up to the date of this report are as follows:

Ramesh Muthuswamy Ponnuswami  
Tai Eng Keat  
Jonathon Mark Kane  
Selva Kumari A/P Karuppiah

### Directors' Benefits

During and at the end of the current financial year, no arrangements subsisted to which the Company is a party, with the object or objects 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.

Since the end of the previous year, no Directors have received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which the Directors is a member, or with a company in which the Directors has a substantial financial interest.

### Directors' Interests :-

None of the Directors in office at the end of the year held any interest in the shares of the Company during the financial year.

### Directors' Interest in Holding Company (Elgi Equipments Limited, incorporated in India)

	Number of ordinary shares			Balance at 31.03.2023
	Balance at 01.04.2022	Bought	Sold	
Ramesh Muthuswamy Ponnuswami	1,000	-	-	1,000

### Indirect interest

By virtue of Ramesh Muthuswamy Ponnuswami's interest in the holding company, he is also deemed to be interested in the ordinary shares of the Company and all of its related corporation to the extent that the holding company has interest.

### Directors' Remunerations

The details of the directors' remuneration are disclosed in Note 11.1 to the financial statements.

### Indemnifying Directors, Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the Directors, officer or auditor of the Company.

### Other Statutory Information

Before the financial statements of the Company were prepared, the Directors took reasonable steps:

- 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 have satisfied themselves that all known bad debts had been written-off and the adequate provisions had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

### **Other Statutory Information (Cont'd)**

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

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in the financial statement of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

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

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

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

In the opinion of the Director:

- (a) the results of the operations of the Company during the year were not substantially affected by any item, transaction or event of material and unusual nature.
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of operations of the Company for the year in which this report is made.

### **Holding Company**

The Director's regard Elgi Equipments Limited., a company incorporated and domiciled in India as a Holding Company.

### **Auditors' Remuneration**

The details of the auditors' remuneration are disclosed in Note 11 to the financial statements.

Registration No : 202001041969 (1398290-H)

**Auditors**

The auditors, Messrs. NK Associates, have expressed their willingness to continue in office.

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



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**Tai Eng Keat**  
(Director)



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**Ramesh Muthuswamy Ponnuswami**  
(Director)

Dated: **12 MAY 2023**

Registration No : 202001041969 (1398290-H)

## Elgi Compressors (M) Sdn. Bhd.

(Incorporated in Malaysia)

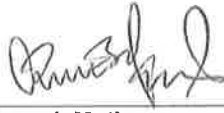
### Statement By Directors

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

The Directors of **Elgi Compressors (M) Sdn. Bhd.**, state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2023** and of the financial performance and the cash flows of the Company for the year ended on that date.

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

  
\_\_\_\_\_  
**Tai Eng Keat**  
(Director)

  
\_\_\_\_\_  
**Ramesh Muthuswamy Ponnuswami**  
(Director)

Dated: **12 MAY 2023**

### Statutory Declaration

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

I, **Tai Eng Keat**, being the Director primarily responsible for the financial management of **Elgi Compressors (M) Sdn. Bhd.**, do solemnly and sincerely declare that the financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the

  
\_\_\_\_\_  
**Tai Eng Keat**  
(Director)

Subscribed and solemnly declared by the above named at **SHAH ALAM, SELANGOR**

Before me,

  
No. PJS: B704  
**OU YONG KOH BENG**  
No. Sijil Amalan Peguam: BC/O/366  
Tempoh Lantikan: 01.02.2022 - 31.12.2024  
Commissioner For Oaths  
**TETUAN K.B. OU YONG & CO**  
PEGUAMBELA & PEGUAMCARA,  
9-6-03, Gamuda Biz Suites,  
No. 12 Jalan Anggerik Vanilla 31/99,  
Seksyen 31, Kota Kemuning,  
40460 Shah Alam, Selangor

**nk associates**

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# Independent Auditors' Report

to the members of Elgi Compressors (M) Sdn. Bhd.

(Registration No : 202001041969 (1398290-H))

(Incorporated in Malaysia)

## ***Report on the Audit of the Financial Statements***

### ***Opinion***

We have audited the financial statements of **Elgi Compressors (M) Sdn. Bhd.**, which comprise the statement of financial position as at **31 March 2023**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at **31 March 2023**, 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 the IESBA Code.

### ***Information other than the Financial Statements and Auditors' Report Thereon***

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

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

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



**nk associates**

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## **Independent Auditors' Report**

to the members of Elgi Compressors (M) Sdn. Bhd.

(Registration No : 202001041969 (1398290-H)(Cont'd)

(Incorporated in Malaysia)

### ***Information other than the Financial Statements and Auditors' Report Thereon (Cont'd)***

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

### ***Responsibilities of the Director for the Financial Statements***

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**nk associates**

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## Independent Auditors' Report

to the members of Elgi Compressors (M) Sdn. Bhd.

(Registration No : 202001041969 (1398290-H))(Cont'd)

(Incorporated in Malaysia)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **Other Matters**

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.

**NK ASSOCIATES**

Firm No: AF 1313

Chartered Accountants

Puchong, Selangor.

Dated: 12 MAY 2023

**KRISHNAN A/L NACHIAPPEN**

Approval No: 02099/10/2024 J

Chartered Accountant

# Elgi Compressors (M) Sdn. Bhd.

(Incorporated in Malaysia)

## Statement of Financial Position

as at 31st March 2023

	NOTE	2023 RM	2022 RM
<b>ASSETS</b>			
<b>Non-Current Asset</b>			
Property, plant and equipment	4	104,189	7,564
Right-of-use assets	5	18,088	37,820
		<u>122,277</u>	<u>45,384</u>
<b>Current Assets</b>			
Other receivables, deposits and prepayments	6	23,413	94,900
Cash and bank balances		221,441	885,595
		<u>244,854</u>	<u>980,495</u>
<b>Total Assets</b>		<u>367,131</u>	<u>1,025,879</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	1,000,100	1,000,100
Accumulated losses		(995,593)	(136,786)
<b>Total Equity</b>		<u>4,507</u>	<u>863,314</u>
<b>Non - Current Liability</b>			
Lease payable	5	-	17,474
		<u>-</u>	<u>17,474</u>
<b>Current Liabilities</b>			
Other payables and accruals	8	45,531	114,523
Amount due to holding company	9	10,168	10,168
Amount due to related company	10	288,495	-
Lease payable	5	18,430	20,400
		<u>362,624</u>	<u>145,091</u>
<b>Total Liability</b>		<u>362,624</u>	<u>162,565</u>
<b>Total Equity and Liabilities</b>		<u>367,131</u>	<u>1,025,879</u>

The annexed notes form an integral part of these financial statements

# Elgi Compressors (M) Sdn. Bhd.

(Incorporated in Malaysia)

## Statement of Comprehensive Income for the year ended 31st March 2023

	NOTE	2023 RM	2022 RM
Revenue		-	-
Other operating expenses		(858,807)	(136,786)
<b>Loss Before Tax</b>	11	(858,807)	(136,786)
Income tax expense	12	-	-
<b>Loss After Tax</b>		(858,807)	(136,786)

The annexed notes form an integral part of these financial statements

# Elgi Compressors (M) Sdn. Bhd.

(Incorporated in Malaysia)

## Statement of Changes in Equity for the year ended 31st March 2023

	Share Capital RM	Accumulated Losses RM	Total Equity RM
As at 01 April 2022	1,000,100	(136,786)	863,314
Loss after tax	-	(858,807)	(858,807)
As at 31 March 2023	<u>1,000,100</u>	<u>(995,593)</u>	<u>4,507</u>
As at 18 December 2020 (Incorporation date)	100	-	100
Issuance of shares	1,000,000	-	1,000,000
Loss after tax	-	(136,786)	(136,786)
As at 31 March 2022	<u>1,000,100</u>	<u>(136,786)</u>	<u>863,314</u>

The annexed notes form an integral part of these financial statements

# Elgi Compressors (M) Sdn. Bhd.

(Incorporated in Malaysia)

## Statement of Cash Flows for the year ended 31st March 2023

	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(858,807)	(136,786)
Adjustment for:		
Depreciation of property, plant and equipment	107,355	-
Amortisation of right-of-use assets	19,732	1,644
Operating loss before changes in working capital	(731,720)	(135,142)
Changes in receivables	71,487	(94,900)
Changes in payables	219,503	124,691
<b>Net cash used in operating activities</b>	(440,730)	(105,351)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	(203,980)	(7,564)
Acquired right-of-use assets	-	(39,464)
<b>Net cash used in investing activity</b>	(203,980)	(47,028)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from lease payables	-	39,464
Proceeds from issuance of share capital	-	1,000,100
Repayment of lease payables	(19,444)	(1,590)
<b>Net cash used in financing activities</b>	(19,444)	1,037,974
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(664,154)	885,595
<b>OPENING CASH/CASH EQUIVALENTS</b>	885,595	-
<b>CLOSING CASH/CASH EQUIVALENTS</b>	221,441	885,595
<b>CASH/CASH EQUIVALENTS COMPRISE OF:</b>		
Cash and bank balance	221,441	885,595

# Elgi Compressors (M) Sdn. Bhd.

(Incorporated in Malaysia)

## Notes to the Financial Statements

31 March 2023

### 1. General Information

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

The registered office is located at Unit D-3A-4, Level 4, Block D, Setiawalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor.

The principal place is located at No.2A-1, Jalan Eco Santuari 8/2B, Eco Santuari, 42500 Telok Panglima Garang, Selangor.

The Company is principally engaged in the business of trading air compressors, spare parts, fittings and accessories.

The financial statements are presented in Ringgit Malaysia (RM) which is also the functional currency of the Company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 12 MAY 2023

### 2. Basis of Preparation of The Financial Statements

#### 2.1 Statement of Compliance

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

The financial statement have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

The accounting policies applied by the Company are consistent with those applied in the previous financial year other than the application of the amendments to MFRSs as disclosed in Note 2.2 below.

## 2.2 Adoption of New and Amended Standards

During the current financial year, the Company have adopted the following new MFRSs, interpretations and amendments to MFRSs issued by Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 16	Covid-19-Related Rent Concessions

The adoption of the new standards and amendments to MFRSs did not have any significant impact on the financial statements of the Company.

## 2.3 Standards issued but not yet effective

The standards, amendments and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intend to adopt these standards, if applicable, when they become effective.

Effective dates for financial periods <u>beginning on or after</u>		
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17 and MFRS 19	Initial Application Comparative Information	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred



## 2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land and buildings.

Freehold land and buildings are stated at their revalued amount, being its fair value at the date of revaluation, less subsequent accumulated depreciation and subsequent impairment losses, if any. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Any revaluation increase arising from the revaluation is recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserves account, except when the increase is recognised in the profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Any revaluation decrease arising from the revaluation is recognised in profit or loss, except when the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserves account in respect of that asset. Revaluation surplus is transferred directly to retained profits when the asset is derecognised.

Depreciation is provided on a straight-line method so as to write off the cost or valuation of the assets over their estimated useful lives, as follows:

	<u>Rate</u>
Office equipment	20%
Renovations	50%

Depreciation of an asset begins when it is ready for its intended use.

If there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed and adjusted prospectively.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

## 2.5 Leases

### As a lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified assets for a year of time in exchange for considerations.

## 2.5 Leases (Cont'd)

### (i) Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the costs reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the assets.

### (ii) Lease liabilities

At the commencement date of lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the year in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payment made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (eg changes in future payments resulting from a change in an index or rate used to determine such lease payments) or change in the assessment of an option to purchase the underlying assets.

### (iii) Short-term leases and leases of low-value assets

The Company have elected not to recognise right-of-assets and lease liabilities for short-term leases that have lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

## 2.6 Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, to the other non-current assets of the unit pro rata on the basis of the carrying amount of each appropriate asset in the cash-generating unit. Impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case it is treated as a revaluation decrease.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less to sell, value in use and zero.

An impairment loss recognised in prior years for an asset or the appropriate assets of a cash-generating unit is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

## 2.7 Financial Assets

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For the purpose of subsequent measurement under MFRS 9, financial assets are classified as follows:

## 2.7 Financial Assets (Cont'd)

### Financial assets at amortised cost

Financial assets shall be measured at amortised cost if both of the following conditions are met:

- (a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

### Financial assets at FVOCI

#### Debt instruments

Debt instruments are measured at FVOCI if both of the following conditions are met:

- (a) the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group and the Company do not hold any debt instruments at FVOCI in the current and previous financial year.

The Company do not hold any debts instruments at FVOCI in the current and previous financial year.

#### Equity instruments

This category comprises investment in equity that is not held for trading, and Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by- investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

The Company do not hold any equity instruments at FVOCI in the current and previous financial year.

## 2.7 Financial Assets (Cont'd)

### Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets categorised as fair value through profit or loss are measured in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

- (a) the economic characteristics and risks are not closely related to the host;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Company do not have any financial assets at FVTPL in the current and previous financial year.

### Derecognition of Financial Assets

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

## 2.7 Financial Assets (Cont'd)

### Impairment of Financial Assets

The Company recognise an allowance for expected credit losses ("ECL") for all financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expect to receive, discounted at an approximation of the original effective interest rate.

The Company measure loss allowance at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. For trade receivables, contract assets and lease receivables, loss allowance are measured based on lifetime expected credit losses at each reporting date. The Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience, adjusted for forward looking factor specific to the debtors and the economic environment.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while the 12-month expected credit losses are the portion of the expected credit losses that result from default events that are possible within the 12 months after the reporting date.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort.

An impairment loss in respect of the financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are recognised in profit or loss. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows of the financial asset.

At each reporting date, the Company assess whether the financial assets carried at amortised cost and debt securities carried at fair value through other comprehensive income are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

#### (a) Simplified approach for trade receivables

The Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

#### (b) General 3-stages approach for lease receivables, other receivables and advances to subsidiaries

At each reporting date, the Company measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a Company of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

## 2.8 Cash and Cash Equivalents

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts (if any).

## 2.9 Equity Instruments

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Dividends on ordinary shares will be recognised as liabilities when the shareholders' rights to receive the dividends are established.

## 2.10 Provisions

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are recognised based on a reliable estimate of the amount of the obligation.

## 2.11 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The categories of financial liabilities at an initial recognition are as follows:

### Financial liabilities at FVTPL

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's and the Company's key management personnel; or
- (c) if a contract contains one or more embedded derivative and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as FVTPL are subsequently measured at fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as FVTPL upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

The Group and the Company do not have financial liabilities at FVTPL in the current and previous financial year.

## 2.11 Financial liabilities (Cont'd)

### **Amortised cost**

Other financial liabilities not categorised as FVTPL 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.

### **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- (a) the amount of the loss allowance; and
- (b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

### **Derecognition of Financial Liabilities**

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## 2.12 Revenue Recognition

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### **(i) Rendering of Services**

Revenue from rendering of services is measured at the fair value of the consideration receivable and is recognised in the comprehensive income statement when services to customers are completed and subsequently invoiced.



## 2.13 Foreign Currency

### (i) Foreign Currency ~ Foreign Currency Transactions

Transactions in foreign currencies are initially recognised in the functional currency by applying to the foreign currency amount the spot exchange rates between the functional currency and the foreign currency at the date of the transactions.

At the end of each reporting year, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the year in which they arise except when a gain or loss on a non-monetary item is recognised in other comprehensive income. If so, any exchange differences relating to that gain or loss is recognised in other comprehensive income.

### (ii) Functional and presentation currency

The individual financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Foreign Currencies ~ Exchange differences on Net Investment in Foreign Operations

## 2.14 Employment Benefits

### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognized 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 the absences occur.

### (ii) Defined contribution plans

The Company's contribution to defined contribution plans are charged to the statement of comprehensive income in the year to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

## 2.15 Income Tax

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are charged or credited to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity.

Current tax liabilities are measured based on the amounts expected to be paid, using the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences which are the differences between the carrying amount in the financial statements and the corresponding tax base of an asset or liability at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities and assets are not recognised if the temporary differences arise from goodwill and for initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amounts of its assets and liabilities and are measured using the tax rates that have been enacted or substantially enacted by the reporting date.

The carrying amount of the deferred tax assets are reviewed at each reporting date, and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

## 3. Critical Judgements and Estimation Uncertainty

### 3.1 Critical Judgements Made in Applying Accounting Policies

There are no critical judgements made by management in the process of applying the accounting policies of the Company

### 3.2 Key Sources of Estimation Uncertainty

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

#### 4. Property, Plant and Equipment

	Balance at 01.04.2022 RM	Additions RM	Disposals RM	Balance at 31.03.2023 RM
<b>Cost</b>				
Office equipment	7,564	13,600	-	21,164
Renovations	-	190,380	-	190,380
	<u>7,564</u>	<u>203,980</u>	<u>-</u>	<u>211,544</u>

	Balance at 01.04.2022 RM	Charge for the year RM	Disposals RM	Balance at 31.03.2023 RM
<b>Accumulated depreciation</b>				
Office equipment	-	4,233	-	4,233
Renovations	-	103,122	-	103,122
	<u>-</u>	<u>107,355</u>	<u>-</u>	<u>107,355</u>

	<b>Net Carrying Amount</b>		<b>Depreciation Charge</b>	
	2023 RM	2022 RM	2023 RM	2022 RM
Office equipment	16,931	7,564	4,233	-
Renovations	87,258	-	103,122	-
	<u>104,189</u>	<u>7,564</u>	<u>107,355</u>	<u>-</u>

	2023 RM	2022 RM
Purchases of property, plant and equipment by cash	<u>203,980</u>	<u>7,564</u>

#### 5. Right Of Use Assets

The Company leased office space for their operations during the financial year. The lease has a lease term for two (2) years. Set out below are the carrying amounts of right-of-use-asset recognised:

	2023 RM	2022 RM
At 01 April	37,820	-
Additions	-	39,464
Amortisation charge for the year	<u>(19,732)</u>	<u>(1,644)</u>
At 31 March	<u>18,088</u>	<u>37,820</u>

## 5. Right Of Use Assets (Cont'd)

Set out below are the carrying amounts of lease liabilities in relation to the Right of Use asset and the movements during the year :

	2023 RM	2022 RM
At 01 April	37,874	39,464
Additions	-	110
Interest expenses	956	-
Payments	(20,400)	(1,700)
At 31 March	<u>18,430</u>	<u>37,874</u>
Current	18,430	20,400
Non-Current	<u>-</u>	<u>17,474</u>
	<u>18,430</u>	<u>37,874</u>

## 6. Other receivables, Deposits and Prepayments

	2023 RM	2022 RM
Advances	7,000	-
Prepayments	13,013	-
Deposits	<u>3,400</u>	<u>94,900</u>
	<u>23,413</u>	<u>94,900</u>

## 7. Share Capital

	Number of shares		2023 RM	2022 RM
	2023 Units	2022 Units		
<b>Issued and fully paid:</b>				
At the beginning of the year	1,000,100	100	1,000,100	100
Issued during the year	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
At the end of the year	<u>1,000,100</u>	<u>1,000,100</u>	<u>1,000,100</u>	<u>1,000,100</u>

**8. Other payables and accruals**

	<b>2023 RM</b>	<b>2022 RM</b>
Other payables	835	112,523
Accruals	44,696	2,000
	<u>45,531</u>	<u>114,523</u>

**9. Amount Due To Holding Company**

This amount is unsecured, interest free and repayable upon demand.

**10. Amount Due To Related Company**

This amount is unsecured and repayable within one (1) year. Interest is charged at 5% per annum.

**11. Loss Before Tax**

	<b>NOTE</b>	<b>2023 RM</b>	<b>2022 RM</b>
This is stated after charging:			
Audit fees		2,000	2,000
Amortisation of the right of use asset		19,732	1,644
Depreciation of property, plant and equipment		107,335	-
Director remuneration	11.1	198,327	-
Employee benefit expenses	11.2	280,294	-
Incorporation fees		-	3,000
Lease interest		956	110
		<u>956</u>	<u>110</u>

**11.1 Director remuneration**

	<b>2023 RM</b>	<b>2022 RM</b>
Salaries and allowance	176,556	-
Defined contribution plan	21,192	-
Defined contribution benefits	579	-
	<u>198,327</u>	<u>-</u>

**11.2 Employee benefit expenses**

	<b>2023 RM</b>	<b>2022 RM</b>
Salaries and allowance	250,979	-
Defined contribution plan	27,576	-
Defined contribution benefits	1,739	-
	<u>280,294</u>	<u>-</u>

## 12. Income Tax Expense

There is no tax charge for the year as the Company has no chargeable income.

The income tax expense is reconciled to the accounting loss at the applicable tax rate as follows:

	2023 RM	2022 RM
Loss before tax	(858,807)	(136,786)
Applicable tax rate	17%	17%
Tax at applicable tax rate	(145,997)	(23,254)
Effect on tax:		
Expenses not deductible under tax legislation	145,997	23,254
Tax expense for the year	-	-

## 13. Financial Instruments

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies are describe how the classes of financial instruments are measured and how income and expense including fair value gains and losses are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement's basis:

	2023 RM	2022 RM
<b><u>Financial Assets measured at amortised cost</u></b>		
Other receivables	7,000	94,900
Deposits	3,400	-
Cash and bank balance	221,441	885,595
	<u>231,841</u>	<u>980,495</u>
<b><u>Financial Liabilities measured at amortised cost</u></b>		
Other payables and accruals	45,531	114,523
Amount due to holding company	10,168	10,168
Amount due to related company	288,495	-
Lease payable	18,430	37,874
	<u>362,624</u>	<u>162,565</u>

**14. Financial Risk Management Objectives and Policies**

The financial risk management is integral to the development of the Company's business. The Company has in place the financial risk management policies to manage its exposure to a variety of risks to an acceptable level. The Company's principal financial risk management policies are as follows:

**Credit Risk**

Cash and bank balances are placed with reputable financial institutions based on rating agencies' ratings. The Company placed funds in respect of other financial assets by reference to the investment evaluation procedures to ensure that the credit risk is kept at minimum level.

The carrying amounts of the financial assets recorded on the statement of financial position at the reporting date represent the Company's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk other than those disclosed in the notes.

The Company does not hold any collateral and thus, the credit exposure is continuously monitored by the directors.

**Liquidity Risk**

The Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Company monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

**15. Capital Management**

The primary objective of the Company's capital management is the maintenance of a strong credit rating and healthy capital ratio, in order to support the business of the Company and maximise shareholder's value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economy conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares.

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

