

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CHEMBOND WATER TECHNOLOGIES (MALAYSIA) SDN. BHD.**

(201601005784 (1176710-X))

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Chembond Water Technologies (Malaysia) Sdn. Bhd.**, which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 39.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the statements of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CHEMBOND WATER TECHNOLOGIES (MALAYSIA) SDN. BHD.**

(201601005784 (1176710-X))

(Incorporated in Malaysia)

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.

Responsibilities of the Directors 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CHEMBOND WATER TECHNOLOGIES (MALAYSIA) SDN. BHD.**
(201601005784 (1176710-X))
(Incorporated in Malaysia)

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

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

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

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

孫特許會計公司

A. D. CHUN & CO.

(Firm No. AF 0099)

Chartered Accountants

Block C, Lot C-7-1 (Level 9),
Menara Uncang Emas (Ue3),
85, Jalan Loke Yew, 55200 Kuala Lumpur.
Tel : 92002378, 92002343 Fax : 92002382

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CHEMBOND WATER TECHNOLOGIES (MALAYSIA) SDN. BHD.**

(201601005784 (1176710-X))

(Incorporated in Malaysia)

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.



A. D. CHUN & CO.

AF: 0099

Chartered Accountants

Date: **28 APR 2022**

Kuala Lumpur



CHUN CHIA KAI

03149/06/2023 (J)

Chartered Accountant

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	2022 RM	2021 RM
Assets			
Non-current assets			
Property, plant and equipment	5	41,034	2,863
Deferred tax assets	6	13,376	7,265
Total non-current assets		<u>54,410</u>	<u>10,128</u>
Current assets			
Inventories	7	361,273	180,531
Trade and other receivables	8	308,309	173,957
Tax recoverable		20,010	-
Cash equivalents	9	24,398	224,943
Total current assets		<u>713,990</u>	<u>579,431</u>
Total assets		<u><u>768,400</u></u>	<u><u>589,559</u></u>
Equity and liabilities			
Capital and reserves			
Contributed share capital	10	200,000	200,000
Retained profits	11	201,375	216,029
Total equity		<u>401,375</u>	<u>416,029</u>
Current liabilities			
Trade and other payables	12	367,025	156,025
Provision for taxation		-	17,505
Total liabilities		<u>367,025</u>	<u>173,530</u>
Total equity and liabilities		<u><u>768,400</u></u>	<u><u>589,559</u></u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	2022 RM	2021 RM
Continuing operations			
Revenue	13	1,109,231	780,686
Cost of sales		<u>(861,182)</u>	<u>(495,874)</u>
Gross profit		248,049	284,812
Other operating income		9,515	18,600
Administration expenses		(244,318)	(194,020)
Selling and distribution expenses		(6,504)	(6,486)
Other operating expenses		<u>(47,022)</u>	<u>(15,342)</u>
(Loss)/profit before taxation	14	(40,280)	87,564
Income tax expense	15	<u>25,626</u>	<u>(27,449)</u>
(Loss)/profit representing, total comprehensive (expenses)/income for the financial year		<u>(14,654)</u>	<u>60,115</u>
(Loss)/income for the financial year, net of tax			
Attributable to owners of the Company		<u>(14,654)</u>	<u>60,115</u>
Total comprehensive (expenses)/income			
Attributable to owners of the Company		<u>(14,654)</u>	<u>60,115</u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

Attributable to Owners of the Company

	Contributed share capital RM	Retained profits RM	Total RM
As at 1 April 2020	200,000	155,914	355,914
Profit for the financial year	<u>-</u>	<u>60,115</u>	<u>60,115</u>
As at 31 March 2021/1 April 2021	200,000	216,029	416,029
Loss for the financial year	<u>-</u>	<u>(14,654)</u>	<u>(14,654)</u>
As at 31 March 2022	<u>200,000</u>	<u>201,375</u>	<u>401,375</u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	2022 RM	2021 RM
Cash flows from operating activities			
(Loss)/profit before taxation		(40,280)	87,564
<i>Adjustment for:</i>			
Depreciation of property, plant and equipment		24,941	8,053
Operating (loss)/profit before working capital changes		(15,339)	95,617
Increase in inventories		(180,742)	(180,531)
(Increase)/decrease in receivables		(134,352)	176,394
Increase in payables		211,000	74,610
Cash (used in)/generated from operations		(119,433)	166,090
Taxation paid		(18,000)	(33,208)
Net cash (used in)/generated from operating activities		(137,433)	132,882
Cash flows from investing activities			
Purchase of property, plant and equipment		(63,112)	(10,916)
Net cash used in investing activities		(63,112)	(10,916)
Net (decrease)/increase in cash and cash equivalents		(200,545)	121,966
Cash and cash equivalents brought forward		224,943	102,977
Cash and cash equivalents carried forward	9	24,398	224,943

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2022

1. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention unless otherwise stated in the summary of significant accounting policies.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment and depreciation

(i) Recognition and measurement

Cost includes expenditures that are readily attributable to the acquisition of the asset and any other cost directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from the disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” or “other expenses” respectively in profit or loss as incurred.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit and loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Property, plant and equipment and depreciation (Continued)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

	<u>Method</u>	<u>Useful life (years)</u>
Computer	Straight-line	1
Plant and machinery	Straight-line	1
Office equipment	Straight-line	1

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

(b) Impairment of non-financial assets

The carrying amounts of property, plant and equipment and other non-current assets, including intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of asset or its cash-generating unit exceeds its recoverable amount.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation reserve. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on first-in-first out (“FIFO”) method and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(e) Cash equivalents

Cash equivalents consist of bank balances which have an insignificant risk of changes in fair value with original maturities of three months or less, and used by the Company in the management of their short-term commitments.

(f) Liabilities

Payables are stated at cost, which is the fair value of the consideration to be paid in the future for goods and services received. Borrowings are interest-bearing and are recorded at the amount of proceeds received, net of transaction costs.

(g) Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

(h) Ordinary shares

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Revenue

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Company’s customary business practices.

Revenue is measured at the amount of consideration to which the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Company estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- (i) The customer simultaneously receives and consumes the benefits provided by the Company’s performance as the Company perform;
- (ii) The Company’s performance created or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) The Company’s performance does not create an asset with an alternative use and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Service contracts

The Company recognises revenue from service contracts over time if it creates an asset with no alternative use to the Company has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Foreign currencies

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 period, 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 period 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.

(k) Related parties

A party is related to an entity if:

(i) Directly, or indirectly through one or more intermediaries, the party:

(a) Controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);

(b) Has an interest in the entity that gives it significant influence over the entity;
or

(c) Has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venture;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled, or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Employee benefits

(i) Short-term employee benefits

Wages, salaries, social security contributions and bonuses 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 is 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.

(ii) Defined contribution plans

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.

(m) Financial instruments

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively.

(i) Initial recognition and measurement

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

A financial assets (unless it is a trade receivable without significant financing component) or a financial liabilities 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. Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial assets, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial instruments (Continued)

(ii) Financial instrument categories and subsequent measurement

The Company categorise financial instruments as follows:

Financial assets

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

Amortised cost

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

Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

Financial liabilities

Current financial year

The category of financial liabilities at initial recognition is as follows:

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.

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

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statements 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial instruments (Continued)

(iii) Offsetting of financial instruments (Continued)

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 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 profit or loss.

(n) Impairment

(i) Financial assets

At each reporting date, the Company recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Impairment (Continued)

(i) Financial assets (Continued)

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

(ii) Non-financial assets

The carrying amounts of the other assets (except for inventories and deferred tax asset) are reviewed at each reporting period to determine whether there is any indication of impairment.

If such indication exist, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses are recognised in profit or loss.

In respect of non-financial assets, impairment losses recognised in current periods are assessed at each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date and any adjustments recognised for current 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.

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

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

3. CHANGE IN ACCOUNTING POLICIES

(a) Adoption of MFRS and amendments to MFRSs during the current financial year

As of 1 January 2021, the Company adopted the following pronouncements that have issued by the Malaysian Accounting Standards Board (“MASB”) and are applicable as listed below:

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 7	<i>Financial Instruments: Disclosures</i>
Amendments to MFRS 9	<i>Financial Instruments</i>
Amendments to MFRS 16	<i>Leases (Interest Rate Benchmark Reform – Phase 2)</i>
Amendments to MFRS 139	<i>Financial Instruments: Recognition and Measurement</i>

These amendments had no material impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable. As of reporting date, transitional activities are currently ongoing, and the Company has no transactions for which the benchmark rate had been replaced with an alternative benchmark rate.

Effective for annual periods beginning on or after 1 April 2021

Amendments to MFRS 16	<i>Leases (COVID-19 Related Concessions beyond 30 June 2021)</i>
-----------------------	--

The initial application of the above mentioned pronouncements did not have any material impact to the financial statements the Company.

(b) Standards issued but not yet effective

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Company in these financial statements:

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 9	<i>Financial Instruments (Annual improvements to MFRS standards 2018-2020)</i>
Amendments to Illustrative Examples accompanying MFRS 16	<i>Leases (Annual improvements to MFRS standards 2018-2020)</i>
Amendments to MFRS 3	<i>Business Combinations (Reference to the Conceptual Framework)</i>
Amendments to MFRS 16	<i>Property, Plant and Equipment (Property, Plant and Equipment – Proceeds before Intended Use)</i>
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)</i>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

3. CHANGE IN ACCOUNTING POLICIES (Continued)

(b) Standards issued but not yet effective (Continued)

Effective for annual periods beginning on or after 1 January 2023:

Amendments to MFRS 101	<i>Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements and MFRS Practice Statement 2 (Disclosure of Accounting Policies)</i>
Amendments to MFRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)</i>
Amendments to MFRS 112	<i>Income Taxes (Deferred Tax related to Assets and Liabilities arising from Single Transaction)</i>

Effective for a date yet to be confirmed

Amendments to MFRS 10*	<i>Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to MFRS 128*	<i>Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

* Not applicable to the Company's operations

The Company are expected to apply the above mentioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the above mentioned pronouncements is not expected to have any material impacts to the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

The 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 are discussed below.

(i) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Company anticipate that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and the technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will be impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and unutilised tax allowances to the extent that it is probable that taxable profits will be available against which the losses and tax allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The information on deferred tax assets is disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2022

5. PROPERTY, PLANT AND EQUIPMENT

	Computer RM	Plant and machinery RM	Office equipment RM	Total RM
<i>Cost</i>				
At 1 April 2020	4,989	200,259	-	205,248
Addition	-	7,672	3,244	10,916
At 31 March 2021	4,989	207,931	3,244	216,164
At 1 April 2021	4,989	207,931	3,244	216,164
Addition	-	63,112	-	63,112
At 31 March 2022	4,989	271,043	3,244	279,276
<i>Accumulated depreciation</i>				
As at 1 April 2020	4,989	200,259	-	205,248
Addition	-	4,809	3,244	8,053
At 31 March 2021	4,989	205,068	3,244	213,301
At 1 April 2021	4,989	205,068	3,244	213,301
Addition	-	24,941	-	24,941
At 31 March 2022	4,989	230,009	3,244	238,242
<i>Net book value</i>				
At 31 March 2021	-	2,863	-	2,863
At 31 March 2022	-	41,034	-	41,034

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2022

6. DEFERRED TAX ASSETS

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

	At 1.4.2020 RM	Recognised in Profit or Loss (Note 15) RM	At 31.3.2021/ 1.4.2021 RM	Recognised in Profit or Loss (Note 15) RM	At 31.3.2022 RM
<i>Deferred tax assets</i>					
Unabsorbed business losses	-	-	-	(393)	(393)
Unutilised capital allowances	-	-	-	(13,266)	(13,266)
	-	-	-	(13,659)	(13,659)
<i>Deferred tax liability</i>					
Equipment	(13,353)	6,088	(7,265)	7,548	283
	(13,353)	6,088	(7,265)	(6,111)	(13,376)

7. INVENTORIES

	2022 RM	2021 RM
Cost		
Raw materials	361,273	180,531
Recognised in profit or loss:		
Inventories recognised as cost of sales	710,793	429,349

8. TRADE AND OTHER RECEIVABLES

	2022 RM	2021 RM
Trade		
Third parties	308,309	173,639
Other receivables		
Prepayments	-	318
	-	318
Total trade and other receivables	308,309	173,957

The Company's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2022

9. CASH EQUIVALENTS

The Company's cash management policy is to use bank balances to manage cash flows to ensure sufficient liquidity to meet the Company's obligations. The components of cash equivalents consist of:

	2022	2021
	RM	RM
Cash at bank	<u>24,398</u>	<u>224,943</u>

10. CONTRIBUTED SHARE CAPITAL

	2022	2022	2021	2021
	No. of	Monetary	No. of	Monetary
	shares	value	shares	value
		RM		RM
Issued and fully paid:				
At beginning and end of the financial year	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

Ordinary shares of the Company have no par value. The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

11. RETAINED PROFITS

During the financial year, the Company is under single-tier tax system, tax on the Company's chargeable income is a final tax and any dividend distributed will be exempted from tax in the hands of shareholders.

12. TRADE AND OTHER PAYABLES

	2022	2021
	RM	RM
Trade		
Third parties	1,750	8,220
Amount due to Holding Company	<u>356,050</u>	<u>139,245</u>
	357,800	147,465
Non-trade		
Other payables and accruals	<u>9,225</u>	<u>8,560</u>
	9,225	8,560
Total trade and other payables	<u>367,025</u>	<u>156,025</u>

The Company's normal trade credit term ranges from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2022

12. TRADE AND OTHER PAYABLES (Continued)

The amounts due to Holding Company represent trade transactions and advances which are unsecured, interest-free and have no fixed terms of repayment.

The carrying amounts of the trade payables and trade amount due to Holding Company are denominated in the following currencies:

	2022	2021
	RM	RM
- Ringgit Malaysia (“RM”)	1,750	8,220
- United States Dollar (“USD”)	356,050	139,245
	<u>357,800</u>	<u>147,465</u>

13. REVENUE

	2022	2021
	RM	RM
Revenue		
- Sales of goods	769,741	506,486
- Rendering of services	335,690	274,200
- Delivery fees collected	3,800	-
	<u>1,109,231</u>	<u>780,686</u>
Timing of revenue recognition:		
- Point in time	<u>1,109,231</u>	<u>780,686</u>

Sales of goods

Revenue is recognised at a point in time when control over the goods have been transferred to the customer and obtain customer acceptance of the said goods. Revenue is recognised based on the price specified in the invoices, net of discounts, rebates and incentives where applicable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2022

14. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at:

	2022	2021
	RM	RM
After charging:		
Auditor's remuneration	2,900	2,900
Depreciation of property, plant and equipment	24,941	8,053
Expenses for employee benefits*	188,659	144,494
Rental of registered office	6,000	6,000
Realised loss on foreign exchange	13,781	-
Unrealised loss on foreign exchange	<u>-</u>	<u>1,989</u>
And crediting:		
Unrealised gain on foreign exchange	(2,315)	-
Wage subsidy income	<u>(7,200)</u>	<u>(18,600)</u>
*The employee benefits expenses of the Company comprise:		
Short-term benefits of salaries and wages	<u>173,059</u>	<u>128,894</u>
Included in employee benefits expenses is:		
- Directors' fees	<u>15,600</u>	<u>15,600</u>
Total employee benefits expenses	<u>188,659</u>	<u>144,494</u>

The numbers of employees of the Company including Directors as at the end of the financial year are 9 (2021: 9).

15. INCOME TAX EXPENSE

	2022	2021
	RM	RM
Current income tax expense:		
- Taxes payable in Malaysia	-	14,757
- (Over)/Under provision of prior financial years' taxation	(19,515)	6,604
Deferred tax (income)/expense (Note 6)	<u>(6,111)</u>	<u>6,088</u>
Total tax (income)/expense for the financial year	<u>(25,626)</u>	<u>27,449</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2022

15. INCOME TAX EXPENSE (Continued)

	2022	2021
	RM	RM
Reconciliation of tax expense:		
(Loss)/profit before taxation	<u>(40,280)</u>	<u>87,564</u>
Tax at the statutory income tax rate	(9,667)	21,015
(Over)/Under provision of prior financial years' taxation	(19,515)	6,604
Tax effect of expenses disallowed for tax purpose		
- Other expenses disallowed for tax purpose	3,556	5,177
- Other income disallowed for tax purpose	<u>-</u>	<u>(5,347)</u>
Tax (income)/expense	<u>(25,626)</u>	<u>27,449</u>

The current Malaysian tax rate is 24% (2021: 24%) on the chargeable income.

No taxation is provided in the financial statements since the Company has no chargeable income due to losses incurred. Subject to agreement with the Inland Revenue Board, the company has unabsorbed business losses and unutilised capital allowances to be carried forward to the future financial years as follows:

	2022	2021
	RM	RM
Unabsorbed business losses	1,637	-
Unutilised capital allowances	<u>55,275</u>	<u>-</u>

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the company are subject to no substantial change in shareholdings of the company under Section 44(5A) and Paragraph 75A, Schedule 3 of the Income Tax Act, 1967 ("the Act"). However, the Minister of Finance may exercise his powers under Section 44(5D) and Paragraph 75C, Schedule 3 of the Act to exempt all companies except dormant companies from the provision of Section 44(5A) and Paragraph 75A, Schedule 3 of the Act respectively. The unutilised tax losses can be carried forward and available for use for 7 years starting from the tax losses' respective year of assessment.

16. RELATED PARTY TRANSACTIONS AND BALANCES

During the financial year, the Company carried the following transactions and balances with the related party during the financial year:

	2022	2021
	RM	RM
Purchases from Holding Company	587,602	422,170
Amount due to Holding Company - Trade	356,050	139,245
Consultancy fees	<u>12,000</u>	<u>12,000</u>

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2022

17. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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 basis:

	Loans and receivables	
	2022	2021
	RM	RM
Financial assets		
Trade and other receivables	308,309	173,957
Cash equivalents	24,398	224,943
	<u>332,707</u>	<u>398,900</u>
	Finance liabilities at amortised cost	
	2022	2021
	RM	RM
Financial liabilities		
Trade and other payables	<u>367,025</u>	<u>156,025</u>

(b) Financial risk management

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

(i) Credit risk

Credit risk is the risk of a financial loss to the Company that may arise if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its loans and receivables. For other financial assets (including cash and cash equivalents), the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

17. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Receivables

Risk management objectives, policies and processes for managing the risk

Management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables ageing.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amount in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

As at the date of the reporting period, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of receivables presented in the statement of financial position.

Related-company balances

The company provides unsecured loans and advances to its related company.

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount in the statement of financial position. There was no indication that the loans and advances to related company are not recoverable. The Company does not specifically monitor the ageing of the advances to the related company. Nevertheless, these advances are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2022

17. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

(ii) Liquidity risk

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

Analysis of financial instruments by remaining contractual maturities

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

	Less than 1 year RM	Total RM
Financial liabilities		
2022		
Trade and other payables	367,025	367,025
2021		
Trade and other payables	156,025	156,025

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Company's financial position or cash flow.

Foreign exchange risk

The Company mainly operates in Ringgit Malaysia ("RM") with most of the transactions denominated and settled in RM, while the Company also has limited foreign currency transactions in relation to its trade receivables and payables. The Company is exposed to foreign currency exchange risk primarily with respect to RM as follows. The Company does not hedge against any fluctuation in foreign currency.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2022

17. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

(iii) Market risk (Continued)

	2022	2021
	RM	RM
Trade receivables		
Ringgit Malaysia (“RM”)	<u>308,309</u>	<u>173,639</u>
Trade payables		
Ringgit Malaysia (“RM”)	1,750	8,220
United States Dollar (“USD”)	<u>356,050</u>	<u>139,245</u>
	<u>357,800</u>	<u>147,465</u>

Sensitivity analysis

An increase of 100 basis points (1%) in foreign exchange risk at the statement of financial position date would have decreased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the statement of financial position date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables remain constant and considers the effect on financial instruments with foreign exchange risk and financial instruments at fair value through profit or loss.

Other than cash and cash equivalents, the Company has no significant interest-bearing assets. The Company’s income and operating cash flows are substantially independent of changes in market interest rates.

The Company’s interest rate risk mainly arises from borrowings. Borrowings at variable rates expose the Company to cash flow interest rate risk. The Company has not used any financial instruments to hedge potential fluctuations in interest rates during the financial year.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company’s financial instrument will fluctuate because of changes in market interest rates. The Company’s exposure to interest rate risk arises mainly from its interest-bearing financial assets and liabilities. The Company’s policy is to obtain the most favourable interest rate available. Any surplus funds of the Company will be placed with licensed financial institutions to generate interest income and dividend income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2022

17. FINANCIAL INSTRUMENTS (Continued)

(c) Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Company may adjust the dividend payment, returning of capital to shareholders or issuing new shares.

The gearing ratios at 31 March 2022 and 31 March 2021 were as follows:

	2022	2021
	RM	RM
Trade and other payables	367,025	156,025
Less: Cash equivalents	<u>(24,398)</u>	<u>(224,943)</u>
Net cash/(debt)	342,627	(68,918)
Total equity	<u>401,375</u>	<u>416,029</u>
Total net debt and equity	<u><u>744,002</u></u>	<u><u>347,111</u></u>
Debt to net debt and equity ratio	<u><u>*</u></u>	<u><u>*</u></u>

* Not meaningful

(d) Fair value of financial instruments

The carrying amounts of bank balances, short term receivables and payables including derivatives and short-term borrowings approximate fair values due to the relatively short-term nature of these financial instruments.

The fair value of cross currency interest rate swaps is based on broker quotes. Where such prices are not available, reference is based on discounted cash flow analysis using applicable yield curve for the duration of the instruments.

The fair values of financing receivables have been determined by discounting the relevant cash flows using market rates at the end of reporting period. Based on management's assessment as at 31 March 2022 and 2021, the estimated fair value of financing receivables approximates their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS (Continued) **AS AT 31 MARCH 2022**

18. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR END

The outbreak of COVID-19 in early 2020 has affected the business and economic environments of the Company. The governments and various private corporations have taken different measures to prevent the spread of the virus such as travel bans, quarantines, closures of non-essential services, social distancing and home quarantines requirements which impacted consumers' spending pattern and the Company's operations directly or indirectly.

The Company has performed assessments on the overall impact of the situation on the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 March 2022.

Given the fluidity of the situation, the Company will continuously monitor the impact of the Covid-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Company's operations.

19. COMPARATIVE FIGURES

No comparative figures have been reclassified to conform to current financial year's format of presentation.

20. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated **28 APR 2022**

DETAILED STATEMENT OF INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	2022	2021
	RM	RM
Revenue	1,109,231	780,686
Less: Cost of sales		
Opening inventories	180,531	-
Custom duty	58,728	24,250
Freight and handling charges	33,361	42,275
Purchases	891,535	609,880
Sub-contractor	58,300	-
	1,222,455	676,405
Less: Closing inventories	(361,273)	(180,531)
	861,182	495,874
Gross profit	248,049	284,812
Add: Other operating income		
Unrealised gain on foreign exchange	2,315	-
Wage subsidy income	7,200	18,600
	9,515	18,600
Less: Expenses		
Administration expenses	(244,318)	(194,020)
Selling and distribution expenses	(6,504)	(6,486)
Other operating expenses	(47,022)	(15,342)
	(297,844)	(215,848)
(Loss)/profit before taxation	(40,280)	87,564

STATEMENT OF EXPENSES

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	2022	2021
	RM	RM
Administration expenses		
Administrative and accounting fees	16,800	16,800
Bank charges	579	467
Cable charges	-	40
Consultancy fees	12,000	12,000
Directors' fees	15,600	15,600
EPF, EIS and SOCSO contributions	21,895	16,360
Examination fees	405	-
Filing fees	50	50
Hardware	419	-
Human resources service cost	3,600	3,600
Labour charges	318	-
Medical expenses	1,694	170
Penalty	-	1,145
Port charges	1,067	-
Postage and courier charge	320	-
Printing and stationeries	4,760	3,700
Processing fees	100	-
Professional services	880	1,410
Publication fees	300	-
Rental of registered office	6,000	6,000
Repair and maintenance	924	229
Safety and compliances expenses	1,512	542
Sales and services tax	2,097	2,069
Secretarial fees	1,200	1,200
Service and handling charges	448	-
Small value of assets	1,018	-
Staff allowances	1,810	1,800
Staff overtime	3,698	3,398
Staff salaries	143,962	107,166
Storage charge	862	-
Telephone and internet charges	-	274
	244,318	194,020

STATEMENT OF EXPENSES (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	2022	2021
	RM	RM
Selling and distribution expenses		
Petrol	-	10
Travelling and accommodation charges	6,504	6,476
	<u>6,504</u>	<u>6,486</u>
Other operating expenses		
Audit fees	2,900	2,900
Depreciation of property, plant and equipment	24,941	8,053
Taxation fees	2,400	2,400
Under provision of taxation fees	3,000	-
Realised loss on foreign exchange	13,781	-
Unrealised loss on foreign exchange	-	1,989
	<u>47,022</u>	<u>15,342</u>
Total expenses	<u><u>297,844</u></u>	<u><u>215,848</u></u>